

- \* ELTA North America; Baltimore, MD; Compliance Officer;
- \* ENSCO Plc; Houston, TX; Analyst II - Export & Trade Compliance;  
Requisition ID: 13136;
- \* Erickson Inc.; Portland or Central Point, OR; Import Specialist; Susan Colletto; Requisition ID 927130;
- \* Esri; Redlands, CA; Export Compliance Specialist;
- \* Expeditors; Krefeld, Germany; Clerk Import / Export;
- \* Expeditors; Bedford, United Kingdom; Customs Brokerage Clerk;
- \* Expeditors; Frankfurt, Germany; Consultant - Customs and Trade Compliance (m/w), unbefristet und in Vollzeit
- ;
- \* Expeditors; Sunnyvale, CA, USA; Customs Compliance Coordinator;
- \* Expeditors; Sunnyvale, CA, USA; Customs Compliance Specialist;
- \* Export Compliance Solutions/ECScreening; Remote; Sales Representative
- \* Export Solutions, Inc.; San Jose, CA; Director of Global Trade & Compliance;
- \* Flexport; Amsterdam, the Netherlands; Customs Director Europe;
- \* Flexport; San Francisco, CA; Customs Compliance Manager;
- \* FLIR; Arlington, VA; Global Trade Compliance Program Analyst/Trade Projects Facilitator/Program Administrator; Requisition ID: REQ11503;
- \* FLIR; Arlington, VA or Billerica, MA; Senior Director, Global Export Compliance; Requisition ID: REQ11409;
- \* FLIR; Elkridge, MD; Global Trade Compliance, Traffic Analyst OTS;
- \* FLIR; Täby, Sweden; Compliance Site Operations Leader;  
Requisition ID: REQ11291;
- \* Fortive - Tektronix; Beaverton, OR; Chief Compliance Counsel;
- \* Fortive - HealthNewCo; Irvine, CA; Global Trade Compliance Manager;
- \* GCP Applied Technologies; Cambridge, MA; Trade Compliance Manager;
- \* General Atomics; San Diego, CA; Compliance Specialist; Requisition ID: 22119BR
- # \* General Atomics; San Diego, CA; Trade Compliance Classification Leader; Requisition ID: 22466BR;
- \* General Dynamics; Falls Church, VA; Manager, Intl Trade Compliance; Requisition ID: 2018-50910;
- \* Google; Mountain View, CA; Trade Specialist, Export Compliance;
- # \* GSK; Research Triangle Park, NC; Trade Compliance COE Manager; Requisition ID: WD184670;
- \* GSW Manufacturing Inc; Findlay, OH; Trade Compliance Analyst;
- \* Henderson Group Unlimited, Inc; State Dept, DDTC; Washington, DC; Defense Trade Control Compliance Analyst;
- \* Henderson Group Unlimited, Inc; State Dept, DDTC; Washington, DC; Commodities Jurisdiction Analyst;

# \* Honda; Marysville, OH; Senior Export Compliance Specialist; Requisition ID: HTA0000AX;

# \* Honeywell; multiple locations, United States; Export Compliance Manager (North America); Requisition ID: HRD45798;

# \* Honeywell; Kansas City, MO; Import/Export Compliance Leader; Requisition ID: req177780;

# \* Honeywell; Prague, Czech Republic; Export Compliance Officer; Requisition ID: req179383;

\* Honeywell International Inc.; Sunnyvale, CA or Lincolnshire, IL; Sr. Import/Export Analyst; HRD32371

\* Infineon; El Segundo, CA; Manager, Export Control; Requisition ID: 33841

\* Infineon Technologies, El Segundo, CA; Senior Export Compliance Specialist; Requisition ID: 31215;

# \* Infineon Technologies; Tijuana, Mexico; Import-Export Manager;

\* IntelliTrac Global Solutions; Herndon, VA; ITAR Compliance Official / Deputy Facility Security Officer;

\* IntelliTrac Global Solutions; Herndon, VA; ITAR Compliance Official;

\* IPG Photonics; Oxford, MA; Global Director Trade Compliance;

\* IPG Photonics; Oxford, MA; Global Director Trade Compliance

\* John Crane; Slough, United Kingdom; Senior Manager International Trade Compliance EMEA; Requisition ID: JCRANE01688;

\* Johnson Controls; Milwaukee, WI; Director, Global Trade Compliance; Requisition ID: WD30055791295;

\* Keeco Home; Hayward, CA; Director Customs and Compliance;

# \* Kellogg's; Bucharest, Romania; Export Documents & Customs Coordinator; Requisition ID: LOG003008;

\* Kohler Co; Kohler, WI; Analyst, International Trade Compliance; Requisition ID: 18105;

\* Leidos; Columbia, MD; International Trade Manager / Export Compliance; Requisition ID: R-00005745;

\* Leonardo DRS; Melbourne, FL; Senior Supply Chain Analyst - Small Business Compliance; Requisition ID: 91669

\* Lockheed Martin; Arlington, VA; International Licensing Analyst; Requisition ID: 465724BR;

# \* Lockheed Martin; Arlington, VA; International Licensing Analyst; Requisition ID: 468160BR;

\* Lockheed Martin; Bethesda, MD; Regulatory Compliance Analyst; Requisition ID: 449353BR

\* Lockheed Martin, Grand Prairie, TX OR Orlando, FL.; International Trade Compliance Engineer Staff; Requisition ID 462509BR

\* Lockheed Martin; Grand Prairie, TX; International Trade Compliance Specialist / International Licensing Analyst; Requisition ID: 469631BR

\* Luminex; Austin, TX; Global Logistics & Trade Compliance Analyst - US; Requisition ID: 561

\* Lutron Electronics Co; Lehigh Valley, PA; Trade Compliance Coordinator; Requisition ID: 4025;



\* Meggitt; Erlanger, KY; Trade Compliance Officer; Requisition ID: 37476;

\* Meggitt; San Diego, CA; Trade Compliance Officer; Requisition ID: 36402;

# \* Metso; Beijing or Tianjin or Shanghai, China; Trade Compliance Manager APAC; Requisition ID: 83732;

# \* Metso; Helsinki or Vantaa or Tampere, Finland; Trade Compliance Manager EMEA; Requisition ID: 83711;

\* Mohawk Global Trade Advisors; Chicago, IL; Vice President and General Manager of Consulting Division; Contact: CSardella@mohawkglobal.com;

# \* Moog Aircraft Group; Torrance, CA; Senior Trade Compliance Specialist; Requisition ID: 190620;

\* Muscogee International, LLC; Washington, D.C.; DDTC Records Auditor; Apply [HERE](#) or contact their [recruiting team](#).

\* Muscogee International, LLC; Washington, D.C.; DDTC Contract Analyst; Apply [HERE](#) or contact their [recruiting team](#).

\* Muscogee International, LLC; Washington, D.C.; DDTC Service Support Desk Lead; Apply [HERE](#) or contact their [recruiting team](#).

\* Muscogee International, LLC; Washington, D.C.; DDTC Service Support Desk; Apply [HERE](#) or contact their [recruiting team](#).

\* Muscogee International, LLC; Washington, D.C.; DDTC Office Support I; Apply [HERE](#) or contact their [recruiting team](#).

\* Muscogee International, LLC; Washington, D.C.; DDTC Office Support II; Apply [HERE](#) or contact their [recruiting team](#).

\* Muscogee International, LLC; Washington, D.C.; DDTC Office Support III; Apply [HERE](#) or contact their [recruiting team](#).

\* Muscogee International, LLC; Washington, D.C.; DDTC Office Support; Apply [HERE](#) or contact their [recruiting team](#).

\* Newell Brands; Norwalk, CT; Manager of Trade Operations;

\* Norma Group; Maintal, Germany; Manager Global Trade Compliance and Forwarding; Requisition ID: 8843;

\* Northrop Grumman; Chester, United Kingdom; International Trade Compliance (ITC) Professional;

\* Northrop Grumman; London, United Kingdom; Regional Trade Compliance Manager;

\* NXP Semiconductors; Eindhoven, The Netherlands; (Senior) Manager Customs Compliance; Requisition ID: R-10013630;

\* Ormco; Amersfoort, The Netherlands; EU Trade Compliance Specialist;

\* Palomar Products; Rancho Santa Margarita, CA; Contracts & Compliance Manager;

\* Panasonic Avionics; Houston, TX; Import/Export Analyst;

\* Pinpoint Pharma; Lincolnshire, IL; Export Compliance Specialist; Requisition ID: 351;

# \* Polaris; Minneapolis, MN; Mgr, Export Compliance; Requisition ID: 12882BR;

- \* PwC; Houston, TX; Customs and International Trade Director; Requisition ID: 38150WD;
- \* QinetiQ; Mönchengladbach, Germany; International Trade Compliance and Logistics Manager;
- \* Ralph Lauren; New York, NY; Director, Trade Compliance Analyst; Requisition ID: 5567761;
- \* Rawlings Sporting Goods, St. Louis, MO, Trade Compliance Analyst
- \* Raytheon; Dulles, VA; Principal Global Trade License;
- \* Raytheon; Tucson, AZ; Senior Export Licensing and Compliance Specialist; Requisition ID: 129588BR;
- # \* Raytheon; Tucson, AZ; Trade Compliance Empowered Official; [ryan.murphy@raytheon.com](mailto:ryan.murphy@raytheon.com); Requisition ID: 121105BR;
- \* Richemont; Fort Worth, TX; Import/Export Manager; Requisition ID: 8837;
- \* Rohde & Schwarz; Columbia, MD; Import/Export Compliance Specialist;
- \* Rohde Schwarz; Munich, Germany; Spezialist Exportkontrolle (m/w)
- \* SABIC; Houston TX; Senior Analyst, Trade Compliance; [Danielle.Cannata@sabic.com](mailto:Danielle.Cannata@sabic.com); Requisition ID: 8411BR
- \* SC Johnson; Kuala Lumpur, Malaysia; Senior Analyst, Global Trade Compliance; Requisition ID: 1525;
- \* Shell; Houston, TX; Trade Compliance Manager (Projects and Technology); Requisition ID: 98302BR;
- # \* Shell; Krakow, Poland; Trade Compliance Manager; Requisition ID: 100384BR;
- \* Shell; The Hague, The Netherlands; Trade Compliance Manager - Integrated Gas/New Energies; Requisition ID: 98522BR;
- \* Sierra Nevada Corporation; Hurlburt Field, FL; International Trade Compliance Analyst II; Requisition ID: R0007284;
- \* Smith & Nephew; Hull, United Kingdom; European Trade Compliance Analyst; Requisition ID: R31311;
- \* Société Générale Securities Services; Munich, Germany; Sachbearbeiter Trade Compliance; Requisition ID: 1800112L;
- \* Symantec; Tempe, AZ; Trade Compliance Analyst; Requisition ID: 47108;
- \* Teledyne Technologies Inc.; Hawthorne, CA; Sr. International Trade Compliance Specialist;
- \* Thales; Brest, France; Export Control Manager (H/F); Requisition ID: R0052876
- \* TLR Inc.; Portland, OR; Export Compliance Specialist;
- \* TE Connectivity; El Cajon, CA or Middletown, PA; Licensing Specialist; [tbaker@te.com](mailto:tbaker@te.com); Requisition 40514
- \* Teledyne Semiconductors; Saint-Egrève/Grenoble, France; Trade Compliance Manager; Requisition ID: 2019-8459;
- \* Textron Aviation; Wichita, KS; Trade Compliance Analyst; Requisition ID: 269127

- \* Thales; New Delhi, India; Manager - Trade Compliance; Requisition ID: R0038060
- \* United Technologies - Collins Aerospace; Cedar Rapids; Compliance Specialist-Government; Requisition ID: 01271793;
- \* United Technologies - Pratt & Whitney; East Hartford, CT; International Trade Compliance Manager; Requisition ID: 01279346;
- \* University of California; San Francisco, CA; Export Control Officer; Requisition ID: 51010;
- # \* Volvo Cars; Göteborg, Sweden; Technical Expert - Export Controls;
- \* Wealth Ocean; Newport Beach, CA; Marketing & International Trade Specialist;
- \* Wellesley Asset Management; Wellesley, MA; Chief Compliance Officer;
- \* World Wide Technology; Edwardsville, IL; International Trade Compliance Specialist;
- \* Würth Adams; Greenwood, IN; International Trade Compliance Classification Specialist;
- \* Xilinx; San Jose, CA; Trade Compliance Specialist; Requisition ID: 155901
- \* YETI Coolers; Austin, TX; Inbound Logistics and Trade Compliance Manager;

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## EX/IM TRAINING EVENTS & CONFERENCES

### 19. ECS Presents "Managing ITAR/EAR Complexities" on 26-27 Mar in Scottsdale, AZ

(Source: S. Palmer, [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com).)

- \* What: Managing ITAR/EAR Complexities; Scottsdale, AZ
- \* When: 26-27 March 2019
- \* Where: Double Tree Resort by Hilton Paradise Valley
- \* Sponsor: Export Compliance Solutions (ECS)
- \* ECS Speaker Panel: Suzanne Palmer, Lisa Bencivenga
- \* Register [here](#) or by calling 866-238-4018 or e-mail [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com).

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### 20. Madison Int'l Trade Association's Meeting Tomorrow in Madison, WI, Has Been Canceled

(Source: Editor)

The Madison International Trade Association (MITA) regrets that due to inclement weather, the export control conference scheduled for tomorrow, 12 February, has been canceled. Watch this space for news of rescheduling.

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## 21. FCC Presents U.S. Export Controls Awareness Course: "ITAR & EAR from a non-U.S. Perspective", 9 April in Bruchem, the Netherlands

(Source: [Full Circle Compliance](#), [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu).)

Our next academy course is specifically designed for beginning compliance professionals and those in a similar role who aim to stay up-to-date with the latest U.S. export control requirements that apply to non-U.S. transactions, and industry's best practices.

The course will cover multiple topics relevant for organizations outside the U.S. that are subject to U.S. export controls, including: the U.S. regulatory framework, key concepts and definitions, tips regarding classification and licensing, essential steps to ensure a U.S. export control compliant shipment, how to handle a (potential) non-compliance issue, recent enforcement trends, and the latest and anticipated regulatory amendments. Participants will receive a certification upon completion of the training.

- \* What: Awareness Course U.S. Export Controls: ITAR & EAR from a Non-U.S. Perspective
- \* When: Tuesday, 9 Apr 2010, 9.30 am - 4.30 pm (CET)
- \* Where: Landgoed Groenhoven, Bruchem, the Netherlands
- \* Sponsor: [Full Circle Compliance](#) (FCC)
- \* Instructors: Michael E. Farrell (ITAR), and drs. Alexander P. Bosch (EAR)
- \* Information & Registration: [HERE](#), or contact us at [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu) or +31 6 15 65 02 09.

*Register now and get a 10% Early Bird discount on the course fee!*

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## EDITOR'S NOTES

## 22. Bartlett's Unfamiliar Quotations

(Source: Editor)

\* **Thomas A. Edison** (Thomas Alva Edison; 11 Feb 1847 - 18 Oct 1931; was an American inventor and businessman, who has been described as America's greatest inventor. He is credited with developing many devices in fields such as electric power generation, mass communication, sound recording, and motion pictures. These inventions, which include the phonograph, the motion picture camera, and the long-lasting, practical electric light bulb, had a widespread impact on the modern industrialized world. He was one of the first inventors to apply the principles of mass production and teamwork to the process of invention.)

- *"Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time."*

### **Monday is pun day:**

- \* When plumbers sleep do they have pipe dreams?
- \* That guy who was convicted of stealing a calendar got 12 months.
- \* When I was very young, I felt like a male trapped in a female's body. Then I was born.

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\* \* \* \* \*

## **23. Are Your Copies of Regulations Up to Date?**

(Source: Editor)

\* DHS CUSTOMS REGULATIONS: 19 CFR, Ch. 1, Pts. 0-199. Implemented by Dep't of Homeland Security, U.S. Customs & Border Protection.

- Last Amendment: 14 Jan 2019: 84 FR 112-116: Extension of Import Restrictions Imposed on Certain Archaeological and Ecclesiastical Ethnological Material from Bulgaria; and 84 FR 107-112: Extension of Import Restrictions Imposed on Certain Archaeological Material From China

\* DOC EXPORT ADMINISTRATION REGULATIONS (EAR): 15 CFR Subtit. B, Ch. VII, Pts. 730-774. Implemented by Dep't of Commerce, Bureau of Industry & Security.

- Last Amendment: 20 Dec 2018: 83 FR 65292-65294: Control of Military Electronic Equipment and Other Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML); Correction [Concerning ECCN 7A005 and ECCN 7A105.]

\* DOC FOREIGN TRADE REGULATIONS (FTR): 15 CFR Part 30. Implemented by Dep't of Commerce, U.S. Census Bureau.

- Last Amendment: 24 Apr 2018: 83 FR 17749-17751: Foreign Trade Regulations (FTR): Clarification on the Collection and Confidentiality of Kimberley Process Certificates

- HTS codes that are not valid for AES are available [here](#).

- The latest edition (1 Jan 2019) of *Bartlett's Annotated FTR* ("BAFTR"), by James E. Bartlett III, is available for downloading in Word format. The BAFTR contains all FTR amendments, FTR Letters and Notices, a large Index, and approximately 250 footnotes containing case annotations, practice tips, Census/AES guidance, and explanations of the numerous errors contained in the official text. Subscribers receive revised copies in Microsoft Word every

time the FTR is amended. The BAFTR is available by annual subscription from the Full Circle Compliance [website](http://www.FullCircleCompliance.eu). BITAR subscribers are entitled to a 25% discount on subscriptions to the BAFTR. Government employees (including military) and employees of universities are eligible for a 50% discount on both publications at [www.FullCircleCompliance.eu](http://www.FullCircleCompliance.eu).

\* DOD NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL (NISPOM): DoD 5220.22-M. Implemented by Dep't of Defense.

- Last Amendment: 18 May 2016: [Change 2](#): Implement an insider threat program; reporting requirements for Cleared Defense Contractors; alignment with Federal standards for classified information systems; incorporated and cancelled Supp. 1 to the NISPOM (Summary [here](#).)

\* DOE ASSISTANCE TO FOREIGN ATOMIC ENERGY ACTIVITIES: 10 CFR Part 810; Implemented by Dep't of Energy, National Nuclear Security Administration, under Atomic Energy Act of 1954.

- Last Amendment: 23 Feb 2015: [80 FR 9359](#), comprehensive updating of regulations, updates the activities and technologies subject to specific authorization and DOE reporting requirements. This rule also identifies destinations with respect to which most assistance would be generally authorized and destinations that would require a specific authorization by the Secretary of Energy.

\* DOE EXPORT AND IMPORT OF NUCLEAR EQUIPMENT AND MATERIAL; 10 CFR Part 110; Implemented by Dep't of Energy, U.S. Nuclear Regulatory Commission, under Atomic Energy Act of 1954.

- Last Amendment: 20 Nov 2018, 10 CFR 110.6, Re-transfers.

\* DOJ ATF ARMS IMPORT REGULATIONS: 27 CFR Part 447-Importation of Arms, Ammunition, and Implements of War. Implemented by Dep't of Justice, Bureau of Alcohol, Tobacco, Firearms & Explosives.

- Last Amendment: 15 Jan 2016: [81 FR 2657-2723](#): Machineguns, Destructive Devices and Certain Other Firearms; Background Checks for Responsible Persons of a Trust or Legal Entity With Respect To Making or Transferring a Firearm.

\* DOS INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR): 22 C.F.R. Ch. I, Subch. M, Pts. 120-130. Implemented by Dep't of State, Directorate of Defense Trade Controls.

- Last Amendment: 4 Oct 2018: [83 FR 50003-50007](#): Regulatory Reform Revisions to the International Traffic in Arms Regulations.

- The only available fully updated copy (latest edition: 1 Jan 2019) of the ITAR with all amendments is contained in *Bartlett's Annotated ITAR* ("BITAR"), by James E. Bartlett III. The BITAR contains all ITAR amendments to date, plus a large Index, over 800 footnotes containing amendment histories, case annotations, practice tips, DDTC guidance, and explanations of errors in the official ITAR text. Subscribers receive updated copies of the BITAR in Word by email, usually revised within 24 hours after every ITAR amendment. The BITAR is available by annual subscription from the Full Circle Compliance [website](http://www.FullCircleCompliance.eu). BAFTR subscribers receive a \$25

discount on subscriptions to the BITAR, please [contact us](#) to receive your discount code.

\* [DOT FOREIGN ASSETS CONTROL REGULATIONS \(OFAC FACR\)](#): 31 CFR, Parts 500-599, Embargoes, Sanctions, Executive Orders.

Implemented by Dep't of Treasury, Office of Foreign Assets Control.

- Last Amendment: 15 Nov 2018: [83 FR 57308-57318](#): Democratic Republic of the Congo Sanctions Regulations

\* [USITC HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES \(HTS, HTSA or HTSUSA\)](#), 1 Jan 2019: 19 USC 1202 Annex. Implemented by U.S. International Trade Commission. ("HTS" and "HTSA" are often seen as abbreviations for the Harmonized Tariff Schedule of the United States Annotated, shortened versions of "HTSUSA".)

- Last Amendment: 1 Jan 2019: [2019 Basic Edition of the HTS](#)

- HTS codes for AES are available [here](#).

- HTS codes that are not valid for AES are available [here](#).

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## 24. Weekly Highlights of the Daily Bugle Top Stories

(Source: Editor)

Review last week's top Ex/Im stories in "Weekly Highlights of the Daily Bugle Top Stories" published [here](#).

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## EDITORIAL POLICY

\* The Ex/Im Daily Update is a publication of FCC Advisory B.V., compiled by: Editor, James E. Bartlett III; Assistant Editors, Alexander P. Bosch and Vincent J.A. Goossen; and Events & Jobs Editor, Alex Witt. The Ex/Im Daily Update is emailed every business day to approximately 6,500 readers of changes to defense and high-tech trade laws and regulations. We check the following sources daily: Federal Register, Congressional Record, Commerce/AES, Commerce/BIS, DHS/CBP, DOE/NRC, DOJ/ATF, DoD/DSS, DoD/DTSA, FAR/DFARS, State/DDTC, Treasury/OFAC, White House, and similar websites of Australia, Canada, U.K., and other countries and international organizations. Due to space limitations, we do not post Arms Sales notifications, Denied Party listings, or Customs AD/CVD items.

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Sent by [jebartlett@fullcirclecompliance.eu](mailto:jebartlett@fullcirclecompliance.eu)

**From:** Jim Bartlett, Full Circle Compliance [jebartlett@fullcirclecompliance.eu]  
**Sent:** 2/12/2019 10:46:46 PM  
**To:** Abraham, Liz (Federal) [LABraham@doc.gov]  
**Subject:** 19-0212 Tuesday "Daily Bugle"



# THE DAILY BUGLE

Tuesday, 12 February 2019

The Daily Bugle is a free daily newsletter from Full Circle Compliance, containing changes to export/import regulations (ATF, DOE/NRC, Customs, NISPOM, EAR, FACR/OFAC, FAR/DFARS, FTR/AES, HTSUS, and ITAR), plus news and events. Subscribe [here](#) for free subscription. [Contact us](#) for advertising inquiries and rates.

## ITEMS FROM FEDERAL REGISTER

1. [DHS/CBP Changes Location for "The 21st Century Customs Framework" Public Meeting on 1 March](#)
2. [Justice/ATF Starts Information Collection Concerning Voluntary Magazine Questionnaire for Agencies/Entities Who Store Explosive Materials](#)
3. [State Starts Information Collection Concerning Annual Brokering Report](#)
4. [State Starts Information Collection Concerning Brokering Prior Approval](#)
5. [State Starts Information Collection Concerning USML Categories I, II and III](#)

## OTHER GOVERNMENT SOURCES

6. [Items Scheduled for Publication in Future Federal Register Editions](#)
7. [Commerce/BIS: \(No new postings.\)](#)
8. [DHS/CBP Announces Harmonized System Update 1901](#)
9. [DHS/CBP Updates CATAIR and Error Dictionary](#)
10. [State/DDTC: \(No new postings.\)](#)
11. [Australian Government Publishes Legislation Concerning South Sudan Sanctions](#)

## NEWS

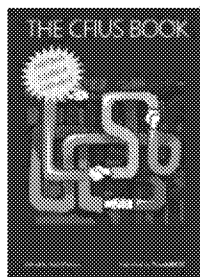
12. [South China Morning Post: "Trump Signs Order Prioritizing Artificial Intelligence Research Amid Looming China Ambitions"](#)
13. [ST&R Trade Report: "Legislative Update: Tariffs, Ports of Entry, Arms Exports, Trade Preferences"](#)

## COMMENTARY

14. [J.E. Smith, J.P. Carlin & N.J. Spiliotes: "OFAC Has Been Talking About Compliance Through Enforcement" \(Part II of II\)](#)
15. [M. Volkov: "New U.S. Sanctions Against Nicolás Maduro Place Venezuelan Oil Squarely in the Crosshairs"](#)
16. [The FAQ of the Day: "Itemizing USML Cat VIII Aircraft System Exports"](#)

## EDITOR'S NOTES

17. [Bartlett's Unfamiliar Quotations](#)
18. [Are Your Copies of Regulations Up to Date? Latest Amendments: DHS/Customs \(14 Jan 2019\), DOC/EAR \(20 Dec 2018\), DOC/FTR \(24 Apr 2018\), DOD/NISPOM \(18 May 2016\), DOE/AFAEC \(23 Feb 2015\), DOE/EINEM \(20 Nov 2018\), DOJ/ATF \(26 Dec 2018\), DOS/ITAR \(4 Oct 2018\), DOT/FACR/OFAC \(15 Nov 2018\), HTSUS \(12 Feb 2019\)](#)
19. [Weekly Highlights of the Daily Bugle Top Stories](#)



*From the publisher of WorldECR and The Export Compliance Manager's Handbook*

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## ITEMS FROM TODAY'S FEDERAL REGISTER

1. DHS/CBP Changes Location for "The 21st Century Customs Framework" Public Meeting on 1 March  
(Source: [Federal Register](#), 12 Feb 2019.) [Excerpts.]

84 FR 3477-3478: Announcing Change of Location for Public Meeting: 21st Century Customs Framework

- \* AGENCY: U.S. Customs and Border Protection (CBP), Department of Homeland Security (DHS).
- \* ACTION: Notice of change of location for public meeting.
- \* SUMMARY: U.S. Customs and Border Protection (CBP) is announcing a change in location for "The 21st Century Customs Framework" public meeting to be held on Friday, March 1, 2019. The public meeting will be held at the U.S. Department of Commerce, Herbert Hoover Auditorium. CBP is

also re-opening the registration links to allow for additional participation. Participants who have previously registered do not need to re-register.

**\* DATES:**

- Meeting: The meeting to discuss "The 21st Century Customs Framework" will be held on Friday, March 1, 2019, from 9:00 a.m. to 5:00 p.m. EST.

- Pre-registration: Members of the public wishing to attend the meeting whether in-person or via teleconference must register as indicated in the ADDRESSES section. Participants who have previously registered do not need to re-register. Registration will remain open until the venue reaches capacity.

- Cancellation of pre-registration: Members of the public who are pre-registered to attend in-person or via teleconference and later need to cancel, please do so by 5:00 p.m. EST, February 22, 2019.

**\* ADDRESSES:**

- Meeting: The meeting will be conducted in-person and via teleconference. The in-person meeting will be held at the U.S. Department of Commerce, Herbert Hoover Auditorium, 1401 Constitution Avenue NW, Washington, DC 20230. The teleconference number will be provided to all registrants by 5:00 p.m. EST on February 28, 2019. For information on services for individuals with disabilities or to request special assistance at the meeting, contact Mr. Brandon Lord, Office of Trade, U.S. Customs & Border Protection, at (202) 325-6432 or email, [21CCF@cbp.dhs.gov](mailto:21CCF@cbp.dhs.gov) as soon as possible.

- Pre-registration: Meeting participants may attend either in-person or via teleconference after pre-registering using one of the methods indicated below. All in-person attendees must pre-register; on-site registration is not permitted.

For members of the public who plan to attend the meeting in-person, please register online [here](#).

For members of the public who plan to participate via teleconference, please register online [here](#).

Participants who have previously registered do not need to re-register. Registration will remain open until the venue reaches capacity. Please feel free to share this information with other interested members of your organization or association.

- Members of the public who are pre-registered to attend and later need to cancel, please do so by 5:00 p.m. EST, February 22, 2019, utilizing the following links: [here](#) to cancel an in-person registration or [here](#) to cancel a teleconference registration.

- Docket: For access to the docket or to read background documents or comments, go to <http://www.regulations.gov> and search for Docket Number USCBP-2018-0045.

**\* FOR FURTHER INFORMATION CONTACT:** Mr. Brandon Lord, Office of Trade, U.S. Customs and Border Protection, 1331 Pennsylvania Avenue NW, Suite 950N, Washington, DC 20229; telephone (202) 325-6432 or email [21CCF@cbp.dhs.gov](mailto:21CCF@cbp.dhs.gov).

**\* SUPPLEMENTARY INFORMATION:** ...

*21st Century Customs Framework Initiative Overview*

CBP is cognizant of the need to stay modern in order to meet the challenges of an evolving trade landscape. New Start Printed Page 3478actors,

industries, and modes of conducting business have emerged, disrupting the traditional global supply chain. To continue to effectively fulfill CBP's mission, CBP is pursuing an initiative titled "The 21st Century Customs Framework." "The 21st Century Customs Framework" will seek to address and enhance numerous aspects of CBP's trade mission to better position the agency to operate in the 21st century trade environment.

Through preliminary efforts, CBP has identified key themes for which CBP seeks public input: (1) Emerging Roles in the Global Supply Chain; (2) Intelligent Enforcement; (3) Cutting-Edge Technology; (4) Data Access and Sharing; (5) 21st Century Processes; and (6) Self-Funded Customs Infrastructure. For brief descriptions of each theme please refer to the December 21, 2018 public meeting announcement in the Federal Register (83 FR 65703).

Dated: February 7, 2019.

Brenda B. Smith, Executive Assistant Commissioner, Office of Trade.

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## 2. Justice/ATF Starts Information Collection Concerning Voluntary Magazine Questionnaire for Agencies/Entities Who Store Explosive Materials

(Source: Federal Register, 12 Feb 2019.) [Excerpts.]

84 FR 3489-3490: Agency Information Collection Activities; Proposed eCollection eComments Requested; Extension Without Change of a Currently Approved Collection Voluntary Magazine Questionnaire for Agencies/Entities Who Store Explosive Materials

\* AGENCY: Bureau of Alcohol, Tobacco, Firearms and Explosives, Department of Justice.

\* ACTION: 60-Day notice.

\* SUMMARY: The Department of Justice (DOJ), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), will submit the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995.

\* DATES: Comments are encouraged and will be accepted for 60 days until April 15, 2019.

\* FOR FURTHER INFORMATION CONTACT: If you have additional comments, regarding the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions, or additional information, please contact: Anita Scheddel, Program Analyst, Explosives Industry Programs Branch, either by mail at 99 New York Ave NE, Washington, DC 20226, or by email at [eipb-informationcollection@atf.gov](mailto:eipb-informationcollection@atf.gov) or by telephone at 202-648-7158.

\* SUPPLEMENTARY INFORMATION:

*Overview of This Information Collection*

- Type of Information Collection: Extension, without change, of a currently approved collection.
- The Title of the Form/Collection: Voluntary Magazine Questionnaire for Agencies/Entities Who Store Explosive Materials. ...
- Form number (if applicable): None.
- Component: Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. Department of Justice. ...
- Abstract: This information collection is used to identify the number and locations of public explosives storage facilities (magazines), which will enable ATF to respond properly to local emergencies such as natural disasters. ...

If additional information is required contact: Melody Braswell, Department Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Two Constitution Square, 145 N Street NE, 3E.405A, Washington, DC 20530.

Dated: February 6, 2019.  
Melody Braswell, Department Clearance Officer for PRA, U.S. Department of Justice.

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### 3. State Starts Information Collection Concerning Annual Brokering Report

(Source: Federal Register, 12 Feb 2019.) [Excerpts.]

#### 84 FR 3530-3531: 30-Day Notice of Proposed Information Collection: Annual Brokering Report

\* ACTION: Notice of request for public comment and submission to OMB of proposed collection of information.

\* SUMMARY: The Department of State has submitted the information collection described below to the Office of Management and Budget (OMB) for approval. In accordance with the Paperwork Reduction Act of 1995 we are requesting comments on this collection from all interested individuals and organizations. The purpose of this Notice is to allow 30 days for public comment.

\* DATES: Submit comments directly to the Office of Management and Budget (OMB) up to March 14, 2019.

\* ADDRESSES: Direct comments to the Department of State Desk Officer in the Office of Information and Regulatory Affairs at the Office of Management and Budget (OMB). You may submit comments by the following methods:

- Email: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov). You must include the DS form number, information collection title, and the OMB control number in the subject line of your message.

- Fax: 202-395-5806. Attention: Desk Officer for Department of State.

\* FOR FURTHER INFORMATION CONTACT: Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents, to Andrea Battista who may be reached on 202-663-3136 or at [battistaal@state.gov](mailto:battistaal@state.gov).

\* SUPPLEMENTARY INFORMATION:

- Title of Information Collection: Annual Brokering Report.
- OMB Control Number: 1405-0141.
- Type of Request: Extension of a Currently Approved Collection.
- Originating Office: Directorate of Defense Trade Controls (DDTC).
- Form Number: No Form.
- Respondents: Respondents are any person/s who engages in the United States in the business of manufacturing or exporting or temporarily importing defense articles. ...
- Abstract of Proposed Collection: In accordance with part 129 of the ITAR, U.S. and foreign persons required to register as a broker shall provide annually a report to DDTC enumerating and describing brokering activities by quantity, type, U.S. dollar value, purchaser/recipient, and license number for approved activities and any exemptions utilized for other covered activities. This information is currently used in the review of munitions export and brokering license applications and to ensure compliance with defense trade statutes and regulations. As appropriate, such information may be shared with other U.S. Government entities.
- Methodology: Brokering Reports are submitted annually with Statement of Registration renewals.

Anthony M. Dearth, Chief of Staff, Directorate of Defense Trade Controls,  
Department of State.

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#### 4. State Starts Information Collection Concerning Brokering Prior Approval

(Source: [Federal Register](#), 12 Feb 2019.) [Excerpts.]

84 FR 3529-3530: 30-Day Notice of Proposed Information Collection:  
Brokering Prior Approval (License)

\* ACTION: Notice of request for public comment and submission to OMB of proposed collection of information.

\* SUMMARY: The Department of State has submitted the information collection described below to the Office of Management and Budget (OMB) for approval. In accordance with the Paperwork Reduction Act of 1995 we are requesting comments on this collection from all interested individuals and organizations. The purpose of this Notice is to allow 30 days for public comment.

\* DATES:



Submit comments directly to the Office of Management and Budget (OMB) up to March 14, 2019.

\* ADDRESSES: Direct comments to the Department of State Desk Officer in the Office of Information and Regulatory Affairs at the Office of Management and Budget (OMB). You may submit comments by the following methods:

- Email: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov). You must include the DS form number, information collection title, and the OMB control number in the subject line of your message.

- Fax: 202-395-5806. Attention: Desk Officer for Department of State.

FOR FURTHER INFORMATION CONTACT: Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents, to Andrea Battista, who may be reached on 202-663-3136 or

at [battistaal@state.gov](mailto:battistaal@state.gov).

\* SUPPLEMENTARY INFORMATION:

- Title of Information Collection: Brokering Prior Approval.
- OMB Control Number: 1405-0142.
- Type of Request: Extension of a Currently Approved Collection.
- Originating Office: Directorate of Defense Trade Controls (DDTC).
- Form Number: DS-4294.
- Respondents: Respondents are U.S. and foreign persons who wish to engage in International Traffic in Arms Regulations (ITAR)-controlled brokering of defense articles and defense services. ...
- Abstract of Proposed Collection: In accordance with part 129 of the International Traffic in Arms Regulations (ITAR), U.S. and foreign persons who wish to engage in ITAR-controlled brokering activity of defense articles and defense services must first register with DDTC. Brokers must then submit a written request for approval to DDTC and must receive DDTC's consent prior to engaging in such activities unless exempted. This information is currently used in the review of the brokering request submitted for approval and to ensure compliance with defense trade statutes and regulations. It is also used to monitor and control the transfer of sensitive U.S. technology.
- Methodology: Currently submissions are made via hardcopy documentation. Applicants are referred to ITAR part 129 for guidance on information to submit regarding proposed brokering activity. Upon implementation of DDTC's new case management system, the Defense Export Control and Compliance System (DECCS), a DS-4294 may be submitted electronically.

Anthony M. Dearth, Chief of Staff, Directorate of Defense Trade Controls,  
U.S. Department of State.

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## 5. State Starts Information Collection Concerning USML Categories I, II and III

(Source: Federal Register, 12 Feb 2019.) [Excerpts.]

84 FR 3528-3529: Notice of Information Collection Under OMB Emergency Processing; Three Information Collections Related to the United States Munitions List, Categories I, II and III

\* ACTION: Notice of request for emergency OMB approval and public comment.

\* SUMMARY: The Department of State has submitted the information collection request described below to the Office of Management and Budget (OMB) for review and approval in accordance with the emergency processing procedures of the Paperwork Reduction Act of 1995. The purpose of this notice is to allow for public comment from all interested individuals and organizations. Emergency processing and approval of this collection has been requested from OMB by April 1, 2019. If granted, the emergency approval is only valid for 90 days.

\* ADDRESSES: Direct any comments on this emergency request to both the Department of State Desk Officer in the Office of Information and Regulatory Affairs at the Office of Management and Budget (OMB) and to PM/DDTC. All public comments must be received by February 24, 2019.

\* You may submit comments to OMB by the following methods:

- Email: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov). You must include the DS form number, information collection title, and OMB control number in the subject line of your message.

- Fax: 202-395-5806. Attention: Desk Officer for Department of State.

You may submit comments to PM/DDTC by the following methods:

- Web: Persons with access to the internet may comment on this notice by going to [www.Regulations.gov](http://www.Regulations.gov). You can search for the document by entering "Docket Number: DOS-2018-0063" in the Search field. Then click the "Comment Now" button and complete the comment form.

- Email: [DDTCTPublicComments@state.gov](mailto:DDTCTPublicComments@state.gov), You must include Emergency Submission Comment on "information collection title" in the subject line of your message.

- Regular Mail: Send written comments to: PM/DDTC 2401 E Street NW, Washington, DC 20037 H1204-3.

You must include the DS form number (if applicable), information collection title, and the OMB control number in any correspondence.

\* FOR FURTHER INFORMATION CONTACT: Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents to Andrea Battista who may be reached on 202-663-3136 or at [battistaal@state.gov](mailto:battistaal@state.gov).

\* SUPPLEMENTARY INFORMATION:

- Title of Information Collection: Application for Temporary Import of Defense Articles.

- OMB Control Number: 1405-0013.

- Type of Request: Emergency Processing.

- Originating Office: PM/DDTC.

- Form Number: DSP-61.

- Respondents: Business, Nonprofit Organizations, and Individuals. ...

- Obligation to Respond: Required in Order to Obtain or Retain Benefits.
  - Title of Information Collection: Application/License for Temporary Export of Unclassified Defense Articles.
  - OMB Control Number: 1405-0023.
  - Type of Request: Emergency Processing.
  - Originating Office: PM/DDTC.
  - Form Number: DSP-73.
  - Respondents: Business, Nonprofit Organizations, and Individuals.
  - Obligation to Respond: Required in Order to Obtain or Retain Benefits.
  
  - Title of Information Collection: Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data.
  - OMB Control Number: 1405-0022.
  - Type of Request: Emergency Processing.
  - Originating Office: PM/DDTC.
  - Form Number: DSP-85.
  - Respondents: Business, Nonprofit Organizations, and Individuals. ...
  - Obligation to Respond: Required in Order to Obtain or Retain Benefits. ...
  
  - Abstract of Proposed Collection: The export, temporary import, and brokering of defense articles, including technical data, and defense services are authorized by The Department of State, Directorate of Defense Trade Controls (DDTC) in accordance with the International Traffic in Arms Regulations ("ITAR," 22 CFR parts 120-130) and section 38 of the Arms Export Control Act. Those who manufacture, broker, export, or temporarily import defense articles, including technical data, or defense services must register with the Department of State and obtain a decision from the Department as to whether it is in the interests of U.S. foreign policy and national security to approve covered transactions. Also, registered brokers must submit annual reports regarding all brokering activity that was transacted, and registered manufacturers and exporter must maintain records of defense trade activities for five years.
- 1405-0013, Application/License for Temporary Import of Unclassified Defense Articles:* In accordance with part 123 of the ITAR, any person who intends to temporarily import unclassified defense articles must obtain DDTC authorization prior to import. "Application/License for Temporary Import of Unclassified Defense Articles" (Form DSP-61) is the licensing vehicle typically used to obtain permission for the temporary import of unclassified defense articles covered by USML. This form is an application that, when completed and approved by PM/DDTC, Department of State, constitutes the official record and authorization for the temporary commercial import of unclassified U.S. Munitions List articles, pursuant to the Arms Export Control Act and the International Traffic in Arms Regulations.
- 1405-0022, Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data:* In accordance with part 123 of the ITAR, any person who intends to permanently export, temporarily export, or temporarily import classified defense articles, including classified technical data must first obtain DDTC authorization. "Application/License for Permanent/Temporary

Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data" (Form DSP-85) is used to obtain permission for the permanent export, temporary export, or temporary import of classified defense articles, including classified technical data, covered by the USML. This form is an application that, when completed and approved by PM/DDTC, Department of State, constitutes the official record and authorization for all classified commercial defense trade transactions, pursuant to the Arms Export Control Act and the International Traffic in Arms Regulations.

*1405-0023, Application/License for Temporary Export of Unclassified Defense Articles:* In accordance with part 123 of the ITAR, any person who intends to temporarily export unclassified defense articles must DDTC authorization prior to export. "Application/License for Temporary Export of Unclassified Defense Articles" (Form DSP-73) is the licensing vehicle typically used to obtain permission for the temporary export of unclassified defense articles covered by the USML. This form is an application that, when completed and approved by PM/DDTC, Department of State, constitutes the official record and authorization for the temporary commercial export of unclassified U.S. Munitions List articles, pursuant to the Arms Export Control Act and the International Traffic in Arms Regulations.

#### Methodology

This information collection may be sent to the Directorate of Defense Trade Controls via the following methods: Electronically or mail.

- Additional Information: The aforementioned collections may be impacted by a proposed rule published in the Federal Register on May 24, 2018 (83 FR 24198) (RIN 1400-AE30). If the rule becomes final, changes will be made to the forms' drop down menus to allow for the updated USML subcategories to be selected by an applicant.

Anthony M. Dearth, Chief of Staff, Directorate of Defense Trade Controls, Department of State.

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## OTHER GOVERNMENT SOURCES

### 6. Items Scheduled for Publication in Future Federal Register Editions

(Source: [Federal Register](#))

\* State; NOTICES; Agency Information Collection Activities; Proposals, Submissions, and Approvals: Statement of Registration [Pub. Date: 13 Feb 2019.]

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## 7. Commerce/BIS: (No new postings.)

(Source: [Commerce/BIS](#))

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## 8. DHS/CBP Announces Harmonized System Update 1901

(Source: [CSMS# 19-000062](#), 12 Feb 2019.)

Harmonized System Update (HSU) 1901 was created on February 11, 2019 and contains 397 ABI records and 89 harmonized tariff records.

Changes made include those mandated by Presidential Proclamation 9834, To Take Certain Actions Under the African Growth and Opportunity Act and for Other Purposes. This proclamation can be found in the Federal Register dated January 7, 2019 Vol. 84, No. 4, page 35. It can be retrieved using [this link](#).

This update also contains adjustments made as a result of the USTR's Notice of Modification to Section 301 Action: China's Acts Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation. The Notice can be found in the Federal Register dated December 28, 2018, Vol. 83 No. 248, page 67463. It can be retrieved using [this link](#).

Modifications required by the verification of the 2019 Harmonized Tariff Schedule (HTS) are included as well.

The modified records are currently available to all ABI participants and can be retrieved electronically via the procedures indicated in the CATAIR. For further information about this process, please contact your client representative. For all other questions regarding this message, please contact Jennifer Keeling via email at [Jennifer.L.Keeling@cbp.dhs.gov](mailto:Jennifer.L.Keeling@cbp.dhs.gov).

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## 9. DHS/CBP Updates CATAIR and Error Dictionary

(Source: [CSMS# 19-000060](#), 11 Feb 2019.)

An updated version of the Importer/Consignee Create/Update (TP/TT) CATAIR is now posted on [CBP.GOV](#) at the following location: [here](#).

Additionally, the Importer/Consignee Create/Update Error Dictionary is now posted on [CBP.GOV](#) at the following location under the 'Supporting Documents' tab: [here](#).

A follow-up notification will be sent out when an updated deployment to the CERTIFICATION environment is made. Any additional questions should be directed to [5106@cbp.dhs.gov](mailto:5106@cbp.dhs.gov).

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## 10. State/DDTC: (No new postings.)

(Source: [State/DDTC](#))

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## 11. Australian Government Publishes Legislation Concerning South Sudan Sanctions

(Source: [Australian Government](#), 7 Feb 2019.)

This legislation, dated 7 February 2019, amends the South Sudan Sanctions, and is available [here](#).

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## NEWS

## 12. South China Morning Post: "Trump Signs Order Prioritizing Artificial Intelligence Research Amid Looming China Ambitions"

(Source: [South China Morning Post](#), 12 Feb 2019.) [Excerpts.]

President Donald Trump signed an [executive order](#) on Monday directing the U.S. government to prioritize artificial intelligence in its research and development spending, the White House said.

The order, which comes amid concerns about China's ambitions to dominate the sector and the likelihood of disruption for workers as the technology automates millions of jobs, doesn't outline specific funding goals, but says it aims to ensure that AI develops in a manner that reflects U.S. values and to push training for the future workforce. ...

The order doesn't cover intellectual property protections or export controls, which the administration has sought to use to constrain China in other areas, but aims to open markets for U.S. companies. ...

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## 13. ST&R Trade Report: "Legislative Update: Tariffs, Ports of Entry, Arms Exports, Trade Preferences"

(Source: [Sandler, Travis & Rosenberg Trade Report](#), 12 Feb 2019.)

**Tariffs.** The Trade Security Act (H.R. 1008 and S. 365, both introduced Feb. 6) would require the Department of Defense (rather than the Department of Commerce, as is the case currently) to justify the national security basis for any new import tariffs under Section 232 of the Trade Expansion Act of

1962. If a threat is found and the president wants to respond, the DOC (in consultation with the DoD and the Office of the U.S. Trade Representative) would develop recommendations and the president would decide whether or not to act on them. These bills would also expand the ability of Congress to disapprove of a Section 232 action by passing a joint resolution, which is currently limited to actions on oil imports.

These measures are seen as less strict than the Congressional Trade Authority Act, which would limit future Section 232 actions to specific types of goods and give Congress the final say on whether to impose tariffs or other restrictions.

The U.S. Chamber of Commerce issued a statement supporting the Trade Security Act, noting that the use of Section 232 to increase tariffs on imports of steel and aluminum "has inflicted substantial harm on U.S. industry and consumers in every state" and "undermined U.S. efforts to build an international coalition of like-minded countries to combat the use of unfair trade practices."

**Ports of Entry.** The Trade Facilitation and Security Enhancement Act (S. 414, introduced Feb. 7 by Sen. Heinrich, D-N.M.) would increase the daily commercial hours of operation at designated ports of entry along the U.S.-Mexico border. The bill would also direct U.S. Customs and Border Protection and the General Services Administration to conduct a study of designated POEs to identify improvements to redesign, modernize, and improve efficiency.

**Arms Exports.** The Prevent Crime and Terrorism Act (H.R. 1134, introduced Feb. 8 by Rep. Torres, D-Calif.) would prohibit the president from removing any items from the U.S. Munitions List. A press release from Torres' office notes that this bill would block a pending proposal to transfer the regulation of exports of firearms under USML category I, II, or III from the State Department to the Commerce Department.

**Trade Preferences.** H.R. 991 (introduced Feb. 6 by Reps. Sewell, D-Ala., and Wenstrup, R-Ohio) would reauthorize the Caribbean Basin Trade Partnership Act, which allows for the duty- and quota-free import of apparel products made with U.S. yarns, fabrics, and threads from Caribbean countries, until 2030. Eligible CBTPA countries include Barbados, Belize, Curacao, Guyana, Haiti, Jamaica, St. Lucia, and Trinidad and Tobago.

**Trade Policy Advisors.** The following members of the Senate Finance Committee have been appointed as congressional advisers on trade policy and negotiations to international conferences, meetings, and negotiation sessions relating to trade agreements: Charles Grassley, R-Iowa; Mike Crapo, R-Idaho; Pat Roberts, R-Kansas; Ron Wyden, D-Ore.; and Debbie Stabenow, D-Mich.

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## COMMENTARY

### 14. J.E. Smith, J.P. Carlin & N.J. Spiliotes: "OFAC Has Been Talking About Compliance Through Enforcement" (Part II of II)

(Source: [Morrison Foerster](#), 5 Feb 2019.)

\* Authors: John E. Smith, Esq., [johnsmith@mofo.com](mailto:johnsmith@mofo.com); John P. Carlin, Esq., [jcarlin@mofo.com](mailto:jcarlin@mofo.com); and Nicholas J. Spiliotes, Esq., [nspiliotes@mofo.com](mailto:nspiliotes@mofo.com). All of Morrison Foerster.

[Part I was published in yesterday's Daily Bugle.]

**10. Merger due diligence can save the day . . . or ruin it.** In [Cobham](#), the apparent sanctions violations were only identified during negotiations by the U.S. company to sell its subsidiary, when the purchaser identified the shipments to the subsidiary of a sanctioned party. The purchaser ultimately avoided a penalty that, instead, befell the seller.

**11. Stripping doesn't pay.** As [Société Générale](#) and a long line of prior cases demonstrate, stripping the names of sanctioned parties or countries through payment messages sent through the United States will result in a finding of egregiousness by OFAC, significantly enhancing the ultimate penalty. The [Ericsson](#) case involved a somewhat novel, "speak no evil" form of the same conduct. Ericsson's U.S. employee told his Swedish counterparts not to send emails that mentioned Sudan by name, noting that "Ericsson can get fined and I can get fired," but the U.S. employee continued to cooperate with Swedish company colleagues so long as the name of the country was not used in further communications.

**12. Audit, audit, audit.** Under Secretary Mandelker highlighted the need for companies to engage in "testing and auditing, both on specific elements of a sanctions compliance program and across the organization, to identify and correct weaknesses and deficiencies." In [e.l.f. Cosmetics](#), OFAC credited the company's remedial efforts that included "supply chain audits that verify the country of origin of goods and services used in ELF's products" and "an enhanced supplier audit that included verification of payment information related to production materials and the review of supplier bank statements." Similarly, OFAC noted that the [Jereh Group](#) action "highlights the importance of the implementation of audits, reviews, and control measures to ensure compliance with U.S. export controls and sanctions regulations."

**13. Establishing and documenting policies and procedures.** Under Secretary Mandelker emphasized the need for "[d]eveloping and deploying internal controls, including policies and procedures, in order to identify, interdict, escalate, report, and maintain records pertaining to activity prohibited by OFAC's regulations." The [Jereh Group](#)'s remediation efforts

included the preparation and circulation of a Sanctions and Export Compliance manual and the implementation of trade and sanctions compliance policies and procedures. Similarly, in Cobham, the company circulated a "lessons learned bulletin" to all U.S.-based international trade compliance personnel. (*Again, we at MoFo are available to assist. Just sayin'.*)

**14. Train, train, and train again.** Under Secretary Mandelker emphasized as a core need that companies ensure that "all relevant personnel, particularly those in high-risk areas or business units, are provided tailored training on OFAC obligation[s] and authorities in general and the compliance program in particular." From her lips to OFAC's ears. Virtually every recent OFAC enforcement case has highlighted training as part of companies' remedial efforts:

- e.l.f. Cosmetics "[e]ngaged outside counsel to provide additional training for key employees in the United States and in China regarding U.S. sanctions regulations and other relevant U.S. laws and regulations" and "[h]eld mandatory training on U.S. sanctions regulations for employees and suppliers in China and implemented additional mandatory trainings for new employees, as well as, regular refresher training for current employees and suppliers based in China";

- Zoltek created a "learning academy" to train all new and current employees on U.S. sanctions and export controls;

- The Jereh Group hired an "external organization with specialized experience in U.S. economic and trade sanctions and export control laws and regulations" to provide "detailed, technical, and operational training to the Jereh Group's employees and senior executives regarding, among other items, the company's legal obligations with respect to the laws and regulations administered by OFAC and other U.S. Government Departments";

- Société Générale "implemented a more comprehensive training regime for employees across the group and various business lines, including a group-wide general training program. Group Sanctions Compliance has also developed targeted, in-person training for employees with a higher risk exposure to sanctions-related transactions."

- JP Morgan "enhanced employee training and used these apparent violations as a case study for training purposes." (*Again, we at MoFo are available to assist. Just sayin'.*)

**15. Certify.** In e.l.f. Cosmetics, OFAC credited the company with adopting "new procedures to require suppliers to sign certificates of compliance stating that they will comply with all U.S. export controls and trade sanctions." In the Jereh Group, OFAC noted that the company contacted its suppliers and issued sanctions compliance certifications requiring that these customers "not sell, transfer, re-export, or divert any Jereh Group products to countries subject to U.S. economic and trade sanctions programs."

**16. Higher risks mean higher standards.** OFAC characterized the e.l.f. Cosmetics case as "highlight[ing] the risks for companies that do not conduct full-spectrum supply chain due diligence when sourcing products from overseas, particularly in a region in which the DPRK, as well as other

comprehensively sanctioned countries or regions, is known to export goods." In Zoltek, OFAC noted the inherent compliance risks associated with a U.S. company's overseas operations. In Cobham, OFAC said the case "demonstrates the importance of companies operating in high-risk industries (*i.e.*, defense) to implement effective, risk-based compliance measures, especially when engaging in transactions involving high-risk jurisdictions [in that case, Russia]."

**17. Establish an early warning system.** In Zoltek, an employee had warned a senior U.S. manager about a sanctions designation that implicated the purchase decisions being approved for the company's overseas subsidiary, but the warning was ignored. OFAC noted that the case demonstrated that compliance programs must have "mechanisms designed to adequately respond to warning signs and raise sanctions-related issues to a sanctions compliance officer or point of contact." In Cobham, OFAC noted that the company had established a system where personnel were urged to alert the compliance team whenever a sanctioned risk might be involved.

**18. Centralize, where appropriate.** As part of its remedial efforts, the Jereh Group established an international business compliance department and compliance committee to oversee sanctions compliance across all company business units, subsidiaries, and affiliates. In Société Générale, the bank created "a centralized sanctions compliance function, implemented key enhancements at the group level, and implemented enhancements within the business lines that were subject to the review."

**19. Segregate decision-making of overseas subsidiaries.** OFAC noted that the Zoltek case - where U.S. managers reviewed and approved purchasing decisions of its overseas subsidiary - "highlights the need for U.S. parent companies to take care to segregate certain business operations of their overseas subsidiaries so that the U.S. parent and its employees do not violate U.S. sanctions regulations by facilitating the actions of its subsidiaries."

**20. Tough love may be necessary.** In the Jereh Group case, OFAC emphasized that the company's remediation efforts included terminating the employment of the individuals responsible for and involved in the knowing shipments of U.S.-origin goods to Iran.

## **Conclusion**

Although the pace of its public enforcement actions slowed to a crawl during much of 2018, OFAC has now issued one or more enforcement cases during each of the past five months. The private sector should expect, now that OFAC has implemented "compliance commitments" into its enforcement cases template, the agency to continue with a steady stream of enforcement actions this year (barring, of course, another government shutdown). As always, we in Morrison & Foerster's National Security Practice Group stand ready to provide counsel on actual or potential enforcement investigations and cases, as well as on the scope and sufficiency of corporate sanctions compliance programs and training.

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15.

## M. Volkov: "New U.S. Sanctions Against Nicolás Maduro Place Venezuelan Oil Squarely in the Crosshairs"

(Source: [Volkov Law Group Blog](#), 10 Feb 2019. Reprinted by permission.)

\* Author: Michael Volkov, Esq., Volkov Law Group, [mvolkov@volkovlaw.com](mailto:mvolkov@volkovlaw.com), 240-505-1992.

*Noah Smith, an Associate at The Volkov Law Group, joins us for an interesting post on OFAC's new Venezuela sanctions. Contact Noah at [nsmith@volkovlaw.com](mailto:nsmith@volkovlaw.com).*

Venezuela is undergoing a political upheaval. Since his rise to power in 2013, the embattled Venezuelan President Nicolás Maduro has precipitated a humanitarian crisis that has driven some 3 million Venezuelans to flee abroad. Widespread protests have erupted (yet again) against the country's chronic violence, inflation, and shortages of basic goods, and the political winds are steadily shifting away from Maduro and towards self-proclaimed "Interim President" Juan Guaidó. As increasing support from the global community has further legitimized Guaidó's claim to leadership, the United States has ramped up its economic sanctions against Maduro's government to further pressure him to relinquish power.

On January 25, 2019, [President Trump issued Executive Order 13857](#), which expanded previous sanctions against Venezuela to include "any person who has acted or purported to act directly or indirectly for or on behalf of . . . the Maduro regime." Three days later, the Treasury Department's Office of Foreign Assets Control ("OFAC") added Petróleos de Venezuela S.A. ("PDVSA"), the state-owned oil company that is one of Maduro's most important sources of revenue, to its list of Specially Designated Nationals and Blocked Persons ("SDN List"). This action effectively forbids U.S. persons from dealing with PDVSA or any companies that are majority-owned by PDVSA. The targeting of Venezuela's oil sector marks a substantial shift in U.S. foreign policy, as the U.S. had long sought to avoid rising gas prices and further harm to the Venezuelan people. PDVSA's addition to the SDN List, however, comes in response to a worsening political crisis and is intended to help compel Maduro's surrender.

The implications for U.S. companies with business in Venezuela are significant. Recognizing this, however, [OFAC issued a series of "General Licenses"](#), which allow U.S. companies a period of time to finish up their preexisting dealings with PDVSA. These General Licenses are designed to help ease the transition and minimize the sanctions' impact on the broader U.S. economy by authorizing certain categories of otherwise prohibited transactions. Entities subject to OFAC rules must ensure that any dealings with PDVSA are concluded before the appropriate deadlines.

OFAC's most broadly-applicable authorization is General License 12(b), which allows U.S. companies to engage in transactions that are necessary to wind down their business dealings with PDVSA until 12:01 a.m. on February 27, 2019. Under this provision, U.S. companies can temporarily continue to export or import most goods, services, and technology to and from PDVSA before this specified deadline, as long as those business dealings stem from contracts or operations that were in place prior to PDVSA's placement on the SDN List. General License 12(a) also provides a broader timeframe, until 12:01 a.m. on April 28, 2019, for finishing up preestablished deals that facilitate the import of petroleum products into the U.S. Here, we can see OFAC's intent to soften the blow on U.S. gas prices by ensuring that the oil supply from Venezuela is not cut off too rapidly. For the time being, any payments that are made to PDVSA under these exceptions must be paid into a blocked, interest-bearing account that is maintained separately within the U.S.

Several other General Licenses help mitigate some of the sanctions' practical consequences on U.S. interests. Under General License 10, for instance, U.S. persons who are physically located within Venezuela are permitted to purchase gasoline and other petroleum products from PDVSA for personal use. General License 14 allows transactions with PDVSA for the purpose of conducting official U.S. government business. General License 8 authorizes several large U.S. oil companies with extensive Venezuela-based operations additional time, until 12:01 a.m. on July 27, 2019, to transition out of Venezuela.

Due to the ongoing and evolving political crisis in Venezuela, the state of U.S. sanctions targeting Venezuela is subject to change rapidly. In the meantime, U.S. intentions have been clear. Further measures are not off the table, especially if Maduro continues to resist. OFAC has advised that "the path to sanctions relief for PDVSA and its subsidiaries is through the expeditious transfer of control of the company to Interim President Juan Guaidó or a subsequent, democratically-elected government that is committed to taking concrete and meaningful actions to combat corruption, restore democracy, and respect human rights." As Treasury Secretary Steven Mnuchin put it, "the United States is holding accountable those responsible for Venezuela's tragic decline and will continue to use the full suite of its diplomatic and economic tools to support Interim President Juan Guaidó, the National Assembly, and the Venezuelan people's efforts to restore their democracy."

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## 16. The FAQ of the Day: "Itemizing USML Cat VIII Aircraft System Exports"

(Source: [State/DDTC](#), 27 Apr 2018.)

Q: If I am exporting an aircraft that is controlled under Category VIII(a), regardless of whether it is a bomber, fighter, or attack helicopter, must I individually itemize all of the inclusive systems (e.g., electronics, folding wings, batteries, weapons, etc.) in Blocks 9 through 12 as separate items on the DSP 5 license?

A: Not for items physically (mechanically, electronically, etc.) incorporated into the aircraft. This excludes separate spare parts, components, etc., that accompany the aircraft during shipment, as these items must be accounted for separately as their own unique line items.

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## U.S. Export Controls: ITAR & EAR from a non-U.S. Perspective

Tuesday, 9 April 2019  
Bruchem, The Netherlands

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### EDITOR'S NOTES

#### 17. Bartlett's Unfamiliar Quotations

(Source: Editor)

\* **Abraham Lincoln** (12 Feb 1809 - 15 Apr 15, 1865; was an American lawyer and politician. He served as the 16th president of the United States from 1861 until his assassination in April 1865. Lincoln led the nation through the Civil War, its bloodiest war and its greatest moral, constitutional, and political crisis. He preserved the Union, abolished slavery, strengthened the federal government, and modernized the economy.)

- *"America will never be destroyed from the outside. If we falter and lose our freedoms, it will be because we destroyed ourselves."*

\* **Charles Darwin** (Charles Robert Darwin, 12 Feb 1809 - 19 April 1882; was an English naturalist, geologist, and biologist, best known for his contributions to the science of evolution. In a joint publication with Alfred

Russel Wallace, he introduced his scientific theory that the branching pattern of evolution resulted from a process that he called natural selection, in which the struggle for existence has a similar effect to the artificial selection involved in selective breeding.)

- *"Ignorance more frequently begets confidence than does knowledge: it is those who know little, and not those who know much, who so positively assert that this or that problem will never be solved by science."*

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## 18. Are Your Copies of Regulations Up to Date?

(Source: Editor)

\* DHS CUSTOMS REGULATIONS: 19 CFR, Ch. 1, Pts. 0-199. Implemented by Dep't of Homeland Security, U.S. Customs & Border Protection.

- Last Amendment: 14 Jan 2019: 84 FR 112-116: Extension of Import Restrictions Imposed on Certain Archaeological and Ecclesiastical Ethnological Material from Bulgaria; and 84 FR 107-112: Extension of Import Restrictions Imposed on Certain Archaeological Material From China

\* DOC EXPORT ADMINISTRATION REGULATIONS (EAR): 15 CFR Subtit. B, Ch. VII, Pts. 730-774. Implemented by Dep't of Commerce, Bureau of Industry & Security.

- Last Amendment: 20 Dec 2018: 83 FR 65292-65294: Control of Military Electronic Equipment and Other Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML); Correction [Concerning ECCN 7A005 and ECCN 7A105.]

\* DOC FOREIGN TRADE REGULATIONS (FTR): 15 CFR Part 30. Implemented by Dep't of Commerce, U.S. Census Bureau.

- Last Amendment: 24 Apr 2018: 83 FR 17749-17751: Foreign Trade Regulations (FTR): Clarification on the Collection and Confidentiality of Kimberley Process Certificates

- HTS codes that are not valid for AES are available [here](#).

- The latest edition (1 Jan 2019) of *Bartlett's Annotated FTR* ("BAFTR"), by James E. Bartlett III, is available for downloading in Word format. The BAFTR contains all FTR amendments, FTR Letters and Notices, a large Index, and approximately 250 footnotes containing case annotations, practice tips, Census/AES guidance, and explanations of the numerous errors contained in the official text. Subscribers receive revised copies in Microsoft Word every time the FTR is amended. The BAFTR is available by annual subscription from the Full Circle Compliance [website](#). BITAR subscribers are entitled to a 25% discount on subscriptions to the BAFTR. Government employees (including military) and employees of universities are eligible for a 50% discount on both publications at [www.FullCircleCompliance.eu](http://www.FullCircleCompliance.eu).

\* DOD NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL (NISPOM): DoD 5220.22-M. Implemented by Dep't of Defense.

- Last Amendment: 18 May 2016: Change 2: Implement an insider threat program; reporting requirements for Cleared Defense Contractors;



alignment with Federal standards for classified information systems; incorporated and cancelled Supp. 1 to the NISPOM (Summary [here](#).)

\* DOE ASSISTANCE TO FOREIGN ATOMIC ENERGY ACTIVITIES: 10 CFR Part 810; Implemented by Dep't of Energy, National Nuclear Security Administration, under Atomic Energy Act of 1954.

- Last Amendment: 23 Feb 2015: 80 FR 9359, comprehensive updating of regulations, updates the activities and technologies subject to specific authorization and DOE reporting requirements. This rule also identifies destinations with respect to which most assistance would be generally authorized and destinations that would require a specific authorization by the Secretary of Energy.

\* DOE EXPORT AND IMPORT OF NUCLEAR EQUIPMENT AND MATERIAL; 10 CFR Part 110; Implemented by Dep't of Energy, U.S. Nuclear Regulatory Commission, under Atomic Energy Act of 1954.

- Last Amendment: 20 Nov 2018, 10 CFR 110.6, Re-transfers.

\* DOJ ATF ARMS IMPORT REGULATIONS: 27 CFR Part 447-Importation of Arms, Ammunition, and Implements of War. Implemented by Dep't of Justice, Bureau of Alcohol, Tobacco, Firearms & Explosives.

- Last Amendment: 15 Jan 2016: 81 FR 2657-2723: Machineguns, Destructive Devices and Certain Other Firearms; Background Checks for Responsible Persons of a Trust or Legal Entity With Respect To Making or Transferring a Firearm.

\* DOS INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR): 22 C.F.R. Ch. I, Subch. M, Pts. 120-130. Implemented by Dep't of State, Directorate of Defense Trade Controls.

- Last Amendment: 4 Oct 2018: 83 FR 50003-50007: Regulatory Reform Revisions to the International Traffic in Arms Regulations.

- The only available fully updated copy (latest edition: 1 Jan 2019) of the ITAR with all amendments is contained in *Bartlett's Annotated ITAR* ("BITAR"), by James E. Bartlett III. The BITAR contains all ITAR amendments to date, plus a large Index, over 800 footnotes containing amendment histories, case annotations, practice tips, DDTC guidance, and explanations of errors in the official ITAR text. Subscribers receive updated copies of the BITAR in Word by email, usually revised within 24 hours after every ITAR amendment. The BITAR is available by annual subscription from the Full Circle Compliance [website](#). BAFTR subscribers receive a \$25 discount on subscriptions to the BITAR, please [contact us](#) to receive your discount code.

\* DOT FOREIGN ASSETS CONTROL REGULATIONS (OFAC FACR): 31 CFR, Parts 500-599, Embargoes, Sanctions, Executive Orders.

Implemented by Dep't of Treasury, Office of Foreign Assets Control.

- Last Amendment: 15 Nov 2018: 83 FR 57308-57318: Democratic Republic of the Congo Sanctions Regulations

\* USITC HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES (HTS, HTSA or HTSUSA), 1 Jan 2019: 19 USC 1202 Annex. Implemented by U.S.

International Trade Commission. ("HTS" and "HTSA" are often seen as abbreviations for the Harmonized Tariff Schedule of the United States Annotated, shortened versions of "HTSUSA".)

- Last Update: 12 Feb 2019: [Harmonized System Update 1901](#) [contains 397 ABI records and 89 harmonized tariff records.]

- HTS codes for AES are available [here](#).

- HTS codes that are not valid for AES are available [here](#).

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## 19. Weekly Highlights of the Daily Bugle Top Stories

(Source: Editor)

Review last week's top Ex/Im stories in "Weekly Highlights of the Daily Bugle Top Stories" published [here](#).

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## EDITORIAL POLICY

\* The Ex/Im Daily Update is a publication of FCC Advisory B.V., compiled by: Editor, James E. Bartlett III; Assistant Editors, Alexander P. Bosch and Vincent J.A. Goossen; and Events & Jobs Editor, Alex Witt. The Ex/Im Daily Update is emailed every business day to approximately 6,500 readers of changes to defense and high-tech trade laws and regulations. We check the following sources daily: Federal Register, Congressional Record, Commerce/AES, Commerce/BIS, DHS/CBP, DOE/NRC, DOJ/ATF, DoD/DSS, DoD/DTSA, FAR/DFARS, State/DDTC, Treasury/OFAC, White House, and similar websites of Australia, Canada, U.K., and other countries and international organizations. Due to space limitations, we do not post Arms Sales notifications, Denied Party listings, or Customs AD/CVD items.

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**DPP**

**Department of Justice  
U.S. Attorney's Office  
Northern District of Texas  
FOR IMMEDIATE RELEASE  
Wednesday, February 13, 2019  
Man Carrying Prohibited 3D-Printed Gun Found With List of Lawmakers' Addresses**

A Dallas man was sentenced today to 8 years in prison after officers caught him with a partially 3D-printed AR-15 rifle and a list of lawmakers' addresses in his backpack, despite a court order that prohibited him from possessing a firearm, announced U.S. Attorney for the Northern District of Texas Erin Nealy Cox.

In August 2015, following a violent altercation with a live-in girlfriend, a county judge enacted a protective order against Eric Gerard McGinnis, then 39. Despite that order – which barred him from possessing firearms or ammunition for two years – Mr. McGinnis attempted to buy a semi-automatic rifle component at a federally licensed gun shop in June 2016. The prospective purchase was rejected after an NICS background check uncovered the order, and ATF reminded Mr. McGinnis he wasn't allowed to have a gun.

Instead, Mr. McGinnis obtained a barrel, stock, upper receiver, and grip, then used a 3D printer to create a "lower receiver," the gun's firing mechanism, and assembled the parts to construct a short-barrel AR-15 style rifle.

In July 2017 – with just over one month left on his protective order – Mr. McGinnis took the 3D-printed gun to a wooded area just outside Dallas. Grand Prairie police officers, out on another call, heard three shots fired and eventually located him just off a major road. Ordered to put his hands up, Mr. McGinnis falsely claimed to be a member of the CIA. Body-cam video shows that officers directed him to kneel on the pavement, cuffed him, and shortly thereafter, inspected his backpack.

In the backpack, the officers discovered the partially 3D printed gun, loaded, and a list labeled "9/11/2001 list of American Terrorists." The hit list – not included as evidence at trial but presented at sentencing – included office and home addresses of several federal lawmakers, both Democrat and Republican.

A subsequent forensic analysis of Mr. McGinnis' electronic devices by U.S. Capitol Police suggests Mr. McGinnis had a strong interest in James Hodgkinson, the shooter who wounded Rep. Steve Scalise and several others at a GOP Congressional baseball practice in Virginia in June 2017, the federal prosecutor revealed at sentencing Wednesday.

In a jailhouse phone call to a family member, Mr. McGinnis admitted he'd "printed" part of the gun.

"I didn't buy a gun, I built the gun," he said in the recorded phone call. "The upper, I printed a lower, and I built it -- installed the trigger and did all that stuff. I built it."

After a two-day trial presided over by Chief U.S. District Judge Barbara M.G. Lynn, a jury found McGinnis guilty of possessing an unregistered short barrel rifle and unlawfully possessing ammunition while subject to an active protective order.

This case, investigated by the Bureau of Alcohol, Tobacco, Firearms & Explosives with assistance from the Grand Prairie Police Department and U.S. Capitol Police, was brought as part of U.S. Attorney Erin Nealy Cox's initiative to keep firearms out of the hands of domestic abusers. Assistant U.S. Attorneys Brian McKay and Rick Calvert prosecuted the case.

"When he realized he couldn't legally purchase a firearm, Eric McGinnis circumvented our gun laws by 3D-printing his weapon, eliminating the need for a background check," said Nealy Cox. "This case should send a message to prohibited persons contemplating acquiring guns by any method: this office is committed to keeping guns out of the hands of those who violate protective orders for domestic violence, no matter how the guns are obtained – by theft, purchase, or 3D printing."

"Controls to determine if an individual is prohibited from purchasing firearms and ammunition worked," said Jeffrey C. Boshek II, Special Agent in Charge of ATF's Dallas Field Division. "Mr. McGinnis applied evolving technology to by-pass those controls to manufacture an untraceable NFA weapon. The fact a prohibited person was able to manufacture an untraceable firearm with apparent ease and anonymity presents a significant challenge and major concern to law enforcement and our community."

Mr. McGinnis is one of a number of defendants prosecuted for possessing firearms or ammunition after domestic violence convictions or while under protective orders in the Northern District of Texas.

Police body-cam footage of his arrest and audio of his jailhouse call are available upon request.

**Man With 3-D-Printed Gun Had Hit List of Lawmakers, U.S. Says**  
**New York Times**  
**By Matt Stevens**  
**Feb. 13, 2019**

A Dallas man was sentenced to eight years in prison on Wednesday after the authorities caught him with a partially 3-D-printed rifle and what federal prosecutors described as a hit list of lawmakers in his backpack.

The man, Eric Gerard McGinnis, had been under a court order that prohibited him from possessing a firearm when he was discovered to have had the partially printed AR-15-style rifle in July 2017, according to a statement from the United States Attorney's Office for the Northern District of Texas.

Mr. McGinnis, 43, was charged with possession of an unregistered firearm and possession of ammunition by a prohibited person, prosecutors said. A jury later convicted him on both counts.

Prosecutors said in their statement that police officers had arrested Mr. McGinnis after hearing three shots he had apparently fired in a wooded area just outside of Dallas. They also discovered a list in his backpack labeled “9/11/2001 list of American Terrorists.” The list included the office and home addresses of “several federal lawmakers, both Democrat and Republican,” the statement said.

Prosecutors did not reveal the names on Mr. McGinnis’s list, but at the sentencing hearing on Wednesday they disclosed that a forensic analysis of his electronic devices suggested that Mr. McGinnis “had a strong interest” in James T. Hodgkinson, the man who the authorities say shot and wounded Representative Steve Scalise and several others at a congressional baseball practice in June 2017.

“When he realized he couldn’t legally purchase a firearm, Eric McGinnis circumvented our gun laws by 3-D printing his weapon, eliminating the need for a background check,” United States Attorney Erin Nealy Cox said in the statement. “This case should send a message to prohibited persons contemplating acquiring guns by any method.”

Late Wednesday, Juan G. Rodriguez, a lawyer for Mr. McGinnis, declined to comment on the sentencing.

In August 2015, a judge enacted a protective order against Mr. McGinnis after what prosecutors said was “a violent altercation with a live-in girlfriend.” The order barred him from possessing firearms or ammunition for two years, but Mr. McGinnis tried to buy a semiautomatic rifle component at a federally licensed gun shop in June 2016, prosecutors said.

The prospective purchase was rejected after a background check flagged the order, prosecutors said.

So Mr. McGinnis decided instead to use a 3-D printer to create a gun’s “lower receiver” — its firing mechanism — and obtain other necessary parts like a barrel, stock, and grip through alternate means, prosecutors said. Once he had all the parts he needed, he assembled a short-barrel AR-15-style rifle, they said.

Then, in July 2017, with about a month left on his protective order, Mr. McGinnis took the gun to the wooded area outside Dallas where Grand Prairie police officers, out on another call, heard three shots fired and eventually took him into custody, prosecutors said. Upon inspecting his backpack, they found the loaded gun and the hit list with the names and addresses of federal lawmakers, prosecutors said. At one point during his confrontation with the police, they said, Mr. McGinnis falsely claimed to work for the C.I.A.

“I didn’t buy a gun, I built the gun,” Mr. McGinnis said in a recorded phone call to a family member, according to prosecutors. “I printed a lower, and I built it — installed the trigger and did all that stuff.”

In Wednesday’s statement, Jeffrey C. Boshek II, a special agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives, acknowledged that “the fact a prohibited person was able to manufacture an untraceable firearm with apparent ease and anonymity presents a significant challenge and major concern to law enforcement and our community.”

But he also noted, “Controls to determine if an individual is prohibited from purchasing firearms and ammunition worked.”

## **MURPHY, BLUMENTHAL, COLLEAGUES INTRODUCE BILL TO BLOCK TRUMP ADMIN PUSH TO ALLOW UNFETTERED PROLIFERATION OF UNTRACEABLE, 3D PRINTABLE GUNS, WEAKEN CONTROLS OVER FOREIGN ARMS SALES**

wednesday, february 13, 2019

WASHINGTON – U.S. Senators Chris Murphy (D-Conn.), a member of the U.S. Senate Foreign Relations Committee, and Richard Blumenthal (D-Conn.) joined legislation led by Ranking Member U.S. Senator Bob

**Menendez (D-N.J.)** and colleagues **U.S. Senators Ed Markey (D-Mass.), Ben Cardin (D-Md.), and Dianne Feinstein (D-Calif.)** yesterday in introducing legislation to block the Trump administration's efforts to weaken controls over foreign arms sales and allow for the unfettered proliferation of untraceable, virtually undetectable, 3D printable guns that threaten public safety. The Trump administration announced earlier this month that it has taken steps to transfer control of the export of semi-automatic pistols, assault-style rifles, sniper rifles and ammunition from the United States Munition List under the authority of the Department of State to the less-stringent controls of the Department of Commerce. It would also transfer the control of the technical information and blueprints for 3D printing of nearly undetectable firearms to Commerce, where the lax regulations will facilitate the Internet publication worldwide. The senators argue these moves are designed to strangle congressional oversight.

Last month, Murphy and Blumenthal led 39 senators in reintroducing the *Background Check Expansion Act* to expand federal background checks to all gun sales.

"Our laws have not kept up with the pace of technology, especially when it comes to the manufacturing of firearms," **said Murphy**. "The Trump administration basically gave anyone – including criminals and murderers – a green light to 3D print and sell untraceable 'ghost guns.' Thankfully, the courts have blocked this for now, but Congress needs to act to close this glaring loophole before anyone gets killed."

"Gun violence is an epidemic that has claimed thousands of American lives and torn apart communities from coast to coast. So what is the Trump Administration doing about it? Loosening restrictions on the flow of foreign small arms into our country, and giving a free pass to anyone with a 3D printer and access to the internet who wants to create their own unregistered assault weapon, pistol, or shotgun. Ghost guns are a menace – without intervention and aggressive enforcement, they will spawn the next terrifying wave of gun violence. Our legislation will mandate commonsense enforcement of these dangerous weapons," **said Blumenthal**.

"These changes defy common sense, undermine public safety and undercut our national security. The only ones cheering these ill-advised moves are the NRA and U.S. gunmakers," **said Menendez**. "Small arms and associated ammunition are uniquely lethal. They are easily spread and easily modified, and are the primary means of injury, death, and destruction in civil and military conflicts throughout the world. Every terrorist and criminal that wants to hijack an airplane with Americans onboard will more easily be able to smuggle 3D printed, virtually undetectable guns aboard. Every school, every government facility, every hospital, here and abroad, will become even more vulnerable to gun violence through this change. This is madness."

The Stopping the Traffic in Overseas Proliferation of Ghost Guns Act would outright prevent this transfer, and therefore maintain the strict controls over firearms and 3D printed "ghost gun" information that currently exist on the United States Munitions List. It would also keep congressional oversight and legislative disapproval of such sales, which the Trump administration is also trying to circumvent.

Specifically, the legislation would:

- Prohibit the transfer of small arms/light weapons, and the technical manufacturing information related to them (including 3D printed guns), to the Department of Commerce;
- Maintain the statutory restriction on publishing 3D printed gun information, including over the internet;

- Prohibit the ability of the State Department to suspend the International Trafficking in Arms Regulations without 30-day prior notice to Congress.

###



**From:** Jim Bartlett, Full Circle Compliance [jebartlett@fullcirclecompliance.eu]  
**Sent:** 2/14/2019 8:27:43 PM  
**To:** Abraham, Liz (Federal) [LABraham@doc.gov]  
**Subject:** 19-0214 Thursday "Daily Bugle"



# THE DAILY BUGLE

Thursday, 14 February 2019

The Daily Bugle is a free daily newsletter from Full Circle Compliance, containing changes to export/import regulations (ATF, DOE/NRC, Customs, NISPOM, EAR, FACR/OFAC, FAR/DFARS, FTR/AES, HTSUS, and ITAR), plus news and events. Subscribe [here](#) for free subscription. [Contact us](#) for advertising inquiries and rates.

## ITEMS FROM FEDERAL REGISTER

[No items of interest noted today.]

## OTHER GOVERNMENT SOURCES

1. [Items Scheduled for Publication in Future Federal Register Editions](#)
2. [Commerce/BIS: \(No new postings.\)](#)
3. [State/DDTC: \(No new postings.\)](#)
4. [EU Amends Restrictive Measures Concerning ISIL and Al-Qaida](#)
5. [German BAFA Publishes February Export Control Newsletter](#)

## NEWS

6. [Defense One: "Cyber Deterrence Done Right: The Coordinated Actions Against Huawei"](#)
7. [Global Trade News: "The Growing Risk of Forced Labor in Global Supply Chains"](#)
8. [ITNews: "Australian Defense's Bid for New Technology Restrictions Scuttled by Thom Review"](#)
9. [ST&R Trade Report: "Liquidated Damages for Violations of ISF Importer Rule to Begin March 15"](#)

## COMMENTARY

10. [A. Kerr: "Is Your Philippine Operation Fully Customs Compliant?"](#)
11. [J. Reeves & K. Heubert: "Democrats Propose Legislation to Halt Export Reform of Commercially Available Firearms and Ammunition"](#)

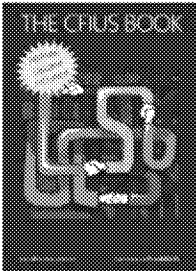
12. P. Fudacz: "New NAFTA? - What NAFTA Practitioners Can Expect Under the United States-Mexico-Canada Agreement (USMCA)"

#### EX/IM TRAINING EVENTS & CONFERENCES

13. ECS Presents "Mastering ITAR/EAR Challenges" on 30 Apr - 1 May in Nashville, TN

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14. Bartlett's Unfamiliar Quotations
15. Are Your Copies of Regulations Up to Date? Latest Amendments: DHS/Customs (14 Jan 2019), DOC/EAR (20 Dec 2018), DOC/FTR (24 Apr 2018), DOD/NISPOM (18 May 2016), DOE/AFAEC (23 Feb 2015), DOE/EINEM (20 Nov 2018), DOJ/ATF (26 Dec 2018), DOS/ITAR (4 Oct 2018), DOT/FACR/OFAC (15 Nov 2018), HTSUS (12 Feb 2019)
16. Weekly Highlights of the Daily Bugle Top Stories



From the publisher of *WorldECR* and *The Export Compliance Manager's Handbook*

## THE CFIUS BOOK

A new guide on how to navigate an investment or acquisition in sensitive industries or companies in the US, past the bureaucratic obstacles and hidden pitfalls to a successful conclusion. To find out more, [CLICK HERE](#) or go to [www.worldecr.com/books](http://www.worldecr.com/books)

#### ITEMS FROM TODAY'S FEDERAL REGISTER

[No items of interest noted today.]

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#### OTHER GOVERNMENT SOURCES

1. Items Scheduled for Publication in Future Federal Register Editions  
(Source: [Federal Register](#))

\* Treasury/OFAC; NOTICES; Blocking or Unblocking of Persons and Properties [Pub. Date: 15 Feb 2019.]

\* U.S.-China Economic and Security Review Commission; NOTICES; Hearing [Pub. Date: 15 Feb 2019.]

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## 2. Commerce/BIS: (No new postings.)

(Source: [Commerce/BIS](#))

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## 3. State/DDTC: (No new postings.)

(Source: [State/DDTC](#))

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## 4. EU Amends Restrictive Measures Concerning ISIL and Al-Qaida

(Source: [Official Journal of the European Union](#), 14 Feb 2019.)

### *Regulations*

\* [Commission Implementing Regulation \(EU\) 2019/257](#) of 13 February 2019 amending for the 294th time Council Regulation (EC) No 881/2002 imposing certain specific restrictive measures directed against certain persons and entities associated with the ISIL (Da'esh) and Al-Qaida organizations

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## 5. German BAFA Publishes February Export Control Newsletter

(Source: [German BAFA](#), 4 Feb 2019.)

The German Federal Office for Economic Affairs and Export Control (BAFA) has published its February 2019 Export Control Newsletter (in German). The newsletter is available [here](#).

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## 6. Defense One: "Cyber Deterrence Done Right: The Coordinated Actions Against Huawei"

(Source: [Defense One](#), 13 Feb 2019.) [Excerpts.]

*By marshalling the collective power of its allies, the U.S. may have finally found a model for imposing costs on cyber adversaries.*

An [arrest](#) in Canada. Another in Poland. Government bans in [Canberra](#), [Wellington](#), and [Tokyo](#). Corporate snubs and ostracism in [South Korea](#), [Britain](#), [Germany](#), and [France](#). The [loss](#) of purchase orders by one of the world's largest wireless providers. And now a [13-count indictment](#) by the U.S. Justice Department. It has been a bad few months for Chinese telecommunication titan Huawei. Unleashing the collective power of its democratic allies, the United States may have finally found the formula for imposing real costs on its cyber adversaries.

The indictment unsealed on Jan. 28 alleges that Huawei willfully violated U.S. sanctions on Iran and repeatedly lied to U.S. financial institutions and federal authorities about Huawei's business in Iran. ...

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## 7. Global Trade News: "The Growing Risk of Forced Labor in Global Supply Chains"

(Source: [Integration Point Blog](#), 13 Feb 2019.)

Those of us in the business of global trade compliance are well aware of the increased attention in recent years to the issue of forced labor. This is not a new problem, but incidents in recent years with well-known brands, coupled with new legislation designed to curb behavior of this type, has increased the importance of supplier due diligence for those operating in global markets.

On January 31, 2019, the U.S. Office of Foreign Assets Control (OFAC) issued its first [fine](#) to e.l.f. Cosmetics for violating the Countering America's Adversaries Through Sanctions Act (CAATSA), as it applies to North Korean labor under the North Korean Sanctions Regulations (NKSR). The initial statutory maximum civil monetary penalty amount for the apparent violations was US\$40,833,633. This enforcement action indicates that government agencies are watching closely for violations of this nature.

In 2017, CAATSA became law. CAATSA reverses the burden of proof for imported merchandise believed to be the product of labor by North Korean citizens or nationals, *wherever located*. Under Section 302A, U.S. Customs and Border Protection (CBP) can prohibit import "unless the importer can demonstrate by "clear and convincing evidence" that North Korean forced labor was not involved in the production of the merchandise." The burden of proof is with the importer.

This combined with the provisions in the U.S. Trade Facilitation and Enforcement Act of 2015 (TFTEA), which allows CBP to issue Withhold Release Orders based on the belief "that goods are being, or are likely to be, imported in violation of the Customs forced labor statute," should indicate that this issue is being taken seriously.

The OFAC violation stated e.l.f. Cosmetics appears to have violated the NKSR by importing 156 shipments of false eyelash kits from two suppliers located in the People's Republic of China that contained materials sourced by these suppliers from the Democratic People's Republic of Korea (DPRK). e.l.f. Cosmetics imported the kits from on or about April 1, 2012 to on or about January 28, 2017. Furthermore, the violation stated that "throughout the time period in which the apparent violations occurred, ELF's OFAC compliance program was either non-existent or inadequate."

Multiple aggravating factors were noted:

- (1) The apparent violations may have resulted in U.S.-origin funds coming under the control of the DPRK government, in direct conflict with the program objectives of the NKSR;
- (2) e.l.f. Cosmetics is a large and commercially sophisticated company that engages in a substantial volume of international trade; and
- (3) e.l.f. Cosmetic's OFAC compliance program was either non-existent or inadequate throughout the time period in which the violations occurred, and appears not to have exercised sufficient supply chain due diligence while sourcing products from a region that poses a high risk to the effectiveness of the NKSR.

e.l.f. Cosmetics was able to reduce the penalty to \$996,080 as the result of an immediate prior disclosure, as well as having no prior history of violations in the previous 5 years, among other factors.

This enforcement action by OFAC draws attention to the risks for companies that do not conduct supply chain due diligence when sourcing products from overseas. A solid strategy would be for companies to develop, implement, and maintain a risk-based approach to sanctions compliance and to implement processes and procedures to recognize and alleviate areas of risks. This could include, but is not limited to, implementing supply chain audits with country-of-origin verification; conducting mandatory training for suppliers; and routinely and frequently performing audits of suppliers.

Reinforcing the heightened attention to the issue of forced labor, on February 4, 2019, U.S. CBP issued a Withhold Release Order, effective immediately, against tuna and tuna products from the Tunago No. 61 based on information obtained by CBP indicating the tuna is harvested with the use of forced labor. The order requires detention at all U.S. ports of entry of tuna and any such merchandise manufactured wholly or in part by the Tunago No. 61. Importers of detained shipments are provided an opportunity to export their shipments or demonstrate that the merchandise was not produced with forced labor.

The above incidents underscore the importance of integrating an automated supplier risk management and denied party screening solution into your supply chain management strategy. In an unforgiving global market, it has become increasingly important to conduct due diligence when sourcing materials, no matter the region. Implementing a solid strategy not only demonstrates due diligence, but helps your company to avoid fines, penalties, and possible damages to the brand. In light of recent events, now is an ideal time to have a conversation with your stakeholders to consider implementing Supply Chain Compliance and Denied Party Screening solutions to assess and mitigate risk.

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## 8. ITNews: "Australian Defense's Bid for New Technology Restrictions Scuttled by Thom Review"

(Source: [ITNews](#), 14 Feb 2019.) [Excerpts.]

*More nuanced approach needed to address legislative gaps.*

An independent review of Australia's tough export control laws has conspicuously tempered the Department of Defense's demands for sweeping new powers and suggested it work better with stakeholders to address perceived gaps in the legislation.

The government on Wednesday released the much-awaited report [[available here](#)] from the former Inspector General of Intelligence and Security Vivienne Thom's review of the Defense Trade Controls Act 2012.

The review probed whether the legislation, which regulates the supply of military and so-called 'dual-use' technologies overseas, continues to provide "appropriate levels of regulation and security for controlled technologies".

It also looked at whether operation of laws continued to align with international best practices for export controls were not "unnecessarily restricting trade". ...

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## 9. ST&R Trade Report: "Liquidated Damages for Violations of ISF Importer Rule to Begin March 15"

(Source: [Sandler, Travis & Rosenberg Trade Report](#), 14 Feb 2019.)

U.S. Customs and Border Protection has announced that on March 15 it will begin issuing liquidated damages claims for violations of an April 2018 rule expanding the definition of the importer security filing importer for certain types of shipments. Enforcement had originally been slated to begin Jan. 21 but was delayed due to the recent federal government shutdown.

ISF importers must transmit an ISF to CBP no later than 24 hours before the cargo is laden aboard a vessel destined to the U.S. (or any time prior to lading for foreign cargo remaining on board). The ISF consists of either ten data elements for shipments of goods intended to be entered into the U.S. or delivered to a foreign-trade zone or five data elements for shipments entirely of FROB cargo or goods intended to be transported as immediate exportation or transportation and exportation in-bond shipments.

Under previous regulations, the ISF importer was the party causing goods to arrive within the limits of a port in the U.S. by vessel, typically the goods' owner, purchaser, or consignee or an agent such as a licensed customs broker. However, these regulations limited the definition of ISF importer for specified types of shipments: for FROB cargo, the ISF importer was the vessel-operating common carrier, and for IT and T&E in-bond shipments and goods to be delivered to an FTZ, the ISF importer was the party filing the IE, T&E, or FTZ documentation.

CBP concluded that these limitations did not reflect commercial reality and in some cases designated a party as the ISF importer even though it had no commercial interest in the shipment and limited access to the ISF data. In some cases, the party responsible may not even have been involved in the importation at the time the ISF had to be filed.

As a result, CBP's April 2018 final rule expanded the definition of ISF importer to place responsibility for filing the ISF with the party causing the goods to enter the limits of a port in the U.S. and most likely to have access to the required ISF information. Specifically, for FROB shipments the ISF importer could be a non-vessel-operating common carrier as well as a VOCC, and for IE and T&E in-bond shipments and goods to be delivered to an FTZ the ISF importer could be the goods' owner, purchaser, consignee, or agent (e.g., a licensed customs broker, carrier, or NVOCC).

However, CBP said that while this rule shifted the legal responsibility for filing the ISF in these instances it would not change who actually submits the data in the "vast majority of cases."

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## COMMENTARY

### 10. A. Kerr: "Is Your Philippine Operation Fully Customs Compliant?"

(Source: [Mayer Brown](#), 8 Feb 2019.) [Excerpts.]

\* Author: Anthony Kerr, Esq., [anthony.kerr@mayerbrown.com](mailto:anthony.kerr@mayerbrown.com). Of Mayer Brown.

The Post Clearance Audit (PCA) function in the Philippines is finally back with the Bureau of Customs (BOC). This is where it should have always been, as this function is the primary backstop that allows customs to facilitate the movement of goods across its borders. The function was moved from the BOC to the Department of Finance in 2014. In October 2017 Philippine President Rodrigo Duterte signed Executive Order No. 46, returning the function back to the BOC under the renamed Post Clearance Audit Group. In January 2019, the customs commissioner and the finance secretary of the Philippines finally signed Customs Administrative Order 01-2019, which kick start the implementation of the PCA and the Prior Disclosure Program will come into effect on 15 February 2019. ...

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11.

J. Reeves & K. Heubert: "Democrats Propose Legislation to Halt Export Reform of Commercially Available Firearms and Ammunition"

(Source: Reeves & Dola LLP Alert, 13 Feb 2019.) [Available by subscription via J. Reeves.]

\* Authors: Johanna Reeves, Esq., [jreeves@reevesdola.com](mailto:jreeves@reevesdola.com); and Katherine Heubert, Esq., [kheubert@reevesdola.com](mailto:kheubert@reevesdola.com). Both of Reeves & Dola LLP.

On February 12, 2019, U.S. Senator Bob Menendez (D-N.J.), joined by Senators Chris Murphy (D-Conn.), Ed Markey (D-Mass.), Ben Cardin (D-Md.), and Dianne Feinstein (D-Ca.), introduced legislation to halt the proposed rewrite of U.S. Munitions List (USML) Categories I, II, and III. The text of the legislation is not yet available for review, but the text of the bill ([S.459](#)) should be accessible shortly through the Library of Congress on [www.congress.gov](http://www.congress.gov).

In a [press release](#) the U.S. Senate Committee on Foreign Relations issued yesterday, the proposed Stopping the Traffic in Overseas Proliferation of Ghost Guns Act would:

- "Prohibit the transfer of small arms/light weapons, and the technical manufacturing information related to them (including 3D Printed guns), to the Department of Commerce;
- Maintain the statutory restriction on publishing 3D Printing gun information, including via the Internet;
- Prohibit the ability of the State Department to suspend the International Trafficking in Arms Regulations without 30-day prior notice to Congress."

Similar legislation appears to also have been introduced in the House ([H.R.1134](#)) to amend the Arms Export Control Act to prohibit the removal of certain items under category I, II, or III of the United States Munitions List.



So far, the House bill has six cosponsors, all Democrats, from the states of New York, Rhode Island, Florida, Illinois, California and Massachusetts.

As we have covered extensively in our [previous alerts on the transition rules](#), the proposed rewrite of USML Categories I, II, and III would revise the scope of the *International Traffic in Arms Regulations* (ITAR) to control only those articles that provide the United States with a critical military or intelligence advantage or, in the case of weapons, are inherently for military end use. Such items will remain on the USML, while items no longer warranting control under the ITAR will be transitioned to the Commerce Control List and be subject to the licensing provisions of the Export Administration Act, administered and enforced by the U.S. Department of Commerce, Bureau of Industry and Security.

As many of you already know, USML Categories I, II, and III are the last USML categories to actually go through the revision process, although they were among the **first** categories the Obama Administration drafted for transition back when Export Control Reform was initially rolled out. All other USML Categories have been officially revised already, some with multiple amendments. And so, it is important to restate in the face of predictable political push back, **this is not a decontrol of the items identified for removal from the USML. Rather, it is a right-sizing of U.S. export controls.**

We will continue to monitor the progress of this legislation. While it is possible that the House version may pass, it is unlikely the Senate will take it up. However, this serves as a reminder that there is still a "tough row to hoe" for the final Congressional Notification process for the USML Category I, II, and III rewrites.

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12.

P. Fudacz: "New NAFTA? - What NAFTA Practitioners Can Expect Under the United States-Mexico-Canada Agreement (USMCA)"

(Source: [Braumiller Law Group PLLC](#), 11 Feb 2019.

\* Author; Paul Fudacz, Esq., Braumiller Law Group, PLLC.

Many importers are aware that the United States, Canada, and Mexico have negotiated a replacement treaty for the North American Free Trade Agreement (NAFTA). The new agreement is called the United States-Mexico-Canada Agreement (USMCA) and was announced by President Trump on October 1, 2018.

While the agreement must still be ratified, many trade compliance professionals are wondering whether their training and on-the-job experience gained in connection with the NAFTA will become obsolete, or will they otherwise need an abundance of new training to become proficient with the USMCA. The good news is that the basic compliance elements that most hands-on NAFTA compliance professionals are familiar with will remain in place. These include the following:

Rules of Origin - The Rules of Origin are found under Chapter 4 of the USMCA. See: [HERE](#).

Under the USMCA the major preference criteria categories used under the NAFTA will remain, for example under USMCA Chapter 4.2, preference criteria A (Goods Wholly Obtained or Produced), B (Goods Satisfying the Applicable Product-Specific Rules of Origin), etc. However practitioners that utilized the less-commonly used preference criteria D, E and F should carefully review the USMCA rules as a certain number of these provisions have undergone changes.

Further the fundamental concepts of Tariff Shift, Regional Value Content, Net Cost, Transaction Value, Indirect Materials, Intermediate Materials, Self-produced materials and De Minimis also remain. However, many of the product specific rules of origin (i.e., the HTSUS Note 12(t) rules) have been revised, especially in the automotive sector, where NAFTA practitioners will need to review these rules and determine if any changes have occurred that might impact their particular products.

Also remaining of paramount importance is that USMCA practitioners preparing certificates of origin obtain proof from outside suppliers that their products qualify under the USMCA. As before, the best way to do this is to obtain a USMCA certificate, or other written certification, from your suppliers when preparing your own certificates. The only difference under USMCA will be that there will no longer be a prescribed form for certification as there is under NAFTA but instead the new certification must include certain data elements.

In addition, another essential element of your NAFTA compliance efforts that has not gone away is the requirement to maintain detailed records related to the USMCA claims, as well as the

qualification process. Importers making claims under the USMCA will be required to obtain and maintain USMCA certificates prior to making a USMCA claim, and when completing a USMCA certificate to accompany an export shipment. The certifying company must maintain detailed records sufficient to permit cross-border auditors to validate any USMCA claims and validate the USMCA certificates provided.

Other noteworthy changes include:

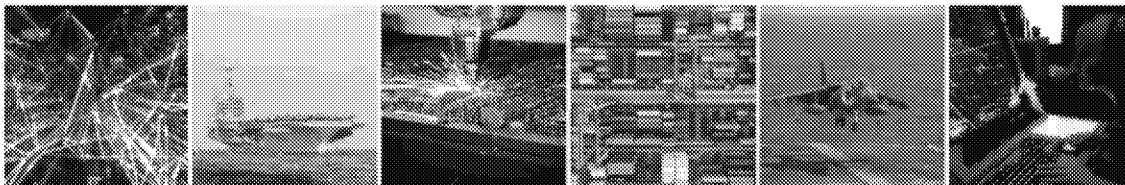
**New De Minimis Provision** - Under the NAFTA the de minimis threshold was 7%, meaning a product could qualify for NAFTA preferential treatment provided that no more than 7% of its non-originating content failed to make the required tariff shift. Under the USMCA this threshold is raised to 10%

**New Provision Related to "Cores" under Article 4.4 - Treatment of Recovered Materials Used in the Production of a Remanufactured Good.** Under the NAFTA there was recurring difficulty and confusion regarding the treatment of "cores" that were reclaimed from used merchandise (for example a water pump casting) and used in the production of remanufactured articles. Article 4.4 provides more clarity that should assist producers of remanufactured articles.

Given our current political climate there is no guarantee that the USMCA will be ratified or may possibly undergo further changes, however from a hands-on NAFTA practitioners standpoint there will be many elements of the USMCA that should remain familiar. At the same time, practitioners need to understand the changes and incorporate these into your compliance processes as applicable. This is especially true for any changes to the rules of origin that may apply to the specific products you need to certify, as these will determine whether your future USMCA claims are made properly and will withstand an audit.

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## U.S. Export Controls: ITAR & EAR from a non-U.S. Perspective

Tuesday, 9 April 2019  
Bruchem, The Netherlands

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### EX/IM TRAINING EVENTS & CONFERENCES

#### 13. ECS Presents "Mastering ITAR/EAR Challenges" 30 April to 1 May in Nashville

(Source: S. Palmer, [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com).)

- \* What: Mastering ITAR/EAR Challenges; Nashville, TN
- \* When: April 30-May 1, 2019
- \* Where: [Renaissance Nashville Hotel](#)
- \* Sponsor: Export Compliance Solutions (ECS)
- \* ECS Speaker Panel: Suzanne Palmer; Lisa Bencivenga; Timothy Mooney, Debi Davis, Matthew McGrath, Matt Doyle
- \* Register [here](#) or by calling 866-238-4018 or email [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com).

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### EDITOR'S NOTES

#### 14. Bartlett's Unfamiliar Quotations

(Source: Editor)

- \* **Frederick Douglass** (born Frederick Augustus Washington Bailey; c. 14 Feb 1818 - 20 Feb 1895; was an American social reformer, abolitionist, orator, writer, and statesman. After escaping from slavery in Maryland, he became a national leader of the abolitionist movement in Massachusetts and

New York, gaining note for his oratory and incisive antislavery writings. In his time, he was described by abolitionists as a living counter-example to slaveholders' arguments that slaves lacked the intellectual capacity to function as independent American citizens. Northerners at the time found it hard to believe that such a great orator had once been a slave.)

- *"It is easier to build strong children than to repair broken men."*
- *"People might not get all they work for in this world, but they must certainly work for all they get."*

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## 15. Are Your Copies of Regulations Up to Date?

(Source: Editor)

\* DHS CUSTOMS REGULATIONS: 19 CFR, Ch. 1, Pts. 0-199. Implemented by Dep't of Homeland Security, U.S. Customs & Border Protection.

- Last Amendment: 14 Jan 2019: 84 FR 112-116: Extension of Import Restrictions Imposed on Certain Archaeological and Ecclesiastical Ethnological Material from Bulgaria; and 84 FR 107-112: Extension of Import Restrictions Imposed on Certain Archaeological Material From China

\* DOC EXPORT ADMINISTRATION REGULATIONS (EAR): 15 CFR Subtit. B, Ch. VII, Pts. 730-774. Implemented by Dep't of Commerce, Bureau of Industry & Security.

- Last Amendment: 20 Dec 2018: 83 FR 65292-65294: Control of Military Electronic Equipment and Other Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML); Correction [Concerning ECCN 7A005 and ECCN 7A105.]

\* DOC FOREIGN TRADE REGULATIONS (FTR): 15 CFR Part 30. Implemented by Dep't of Commerce, U.S. Census Bureau.

- Last Amendment: 24 Apr 2018: 83 FR 17749-17751: Foreign Trade Regulations (FTR): Clarification on the Collection and Confidentiality of Kimberley Process Certificates
- HTS codes that are not valid for AES are available [here](#).
- The latest edition (1 Jan 2019) of *Bartlett's Annotated FTR* ("BAFTR"), by James E. Bartlett III, is available for downloading in Word format. The BAFTR contains all FTR amendments, FTR Letters and Notices, a large Index, and approximately 250 footnotes containing case annotations, practice tips, Census/AES guidance, and explanations of the numerous errors contained in the official text. Subscribers receive revised copies in Microsoft Word every time the FTR is amended. The BAFTR is available by annual subscription from the Full Circle Compliance [website](#). BITAR subscribers are entitled to a 25% discount on subscriptions to the BAFTR. Government employees (including military) and employees of universities are eligible for a 50% discount on both publications at [www.FullCircleCompliance.eu](http://www.FullCircleCompliance.eu).

\* DOD NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL (NISPOM): DoD 5220.22-M. Implemented by Dep't of Defense.

- Last Amendment: 18 May 2016: Change 2: Implement an insider threat

program; reporting requirements for Cleared Defense Contractors; alignment with Federal standards for classified information systems; incorporated and cancelled Supp. 1 to the NISPOM (Summary [here](#).)

\* DOE ASSISTANCE TO FOREIGN ATOMIC ENERGY ACTIVITIES: 10 CFR Part 810; Implemented by Dep't of Energy, National Nuclear Security Administration, under Atomic Energy Act of 1954.

- Last Amendment: 23 Feb 2015: [80 FR 9359](#), comprehensive updating of regulations, updates the activities and technologies subject to specific authorization and DOE reporting requirements. This rule also identifies destinations with respect to which most assistance would be generally authorized and destinations that would require a specific authorization by the Secretary of Energy.

\* DOE EXPORT AND IMPORT OF NUCLEAR EQUIPMENT AND MATERIAL; 10 CFR Part 110; Implemented by Dep't of Energy, U.S. Nuclear Regulatory Commission, under Atomic Energy Act of 1954.

- Last Amendment: 20 Nov 2018, 10 CFR 110.6, Re-transfers.

\* DOJ ATF ARMS IMPORT REGULATIONS: 27 CFR Part 447-Importation of Arms, Ammunition, and Implements of War. Implemented by Dep't of Justice, Bureau of Alcohol, Tobacco, Firearms & Explosives.

- Last Amendment: 15 Jan 2016: [81 FR 2657-2723](#): Machineguns, Destructive Devices and Certain Other Firearms; Background Checks for Responsible Persons of a Trust or Legal Entity With Respect To Making or Transferring a Firearm.

\* DOS INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR): 22 C.F.R. Ch. I, Subch. M, Pts. 120-130. Implemented by Dep't of State, Directorate of Defense Trade Controls.

- Last Amendment: 4 Oct 2018: [83 FR 50003-50007](#): Regulatory Reform Revisions to the International Traffic in Arms Regulations.

- The only available fully updated copy (latest edition: 1 Jan 2019) of the ITAR with all amendments is contained in *Bartlett's Annotated ITAR* ("BITAR"), by James E. Bartlett III. The BITAR contains all ITAR amendments to date, plus a large Index, over 800 footnotes containing amendment histories, case annotations, practice tips, DDTC guidance, and explanations of errors in the official ITAR text. Subscribers receive updated copies of the BITAR in Word by email, usually revised within 24 hours after every ITAR amendment. The BITAR is available by annual subscription from the Full Circle Compliance [website](#). BAFTR subscribers receive a \$25 discount on subscriptions to the BITAR, please [contact us](#) to receive your discount code.

\* DOT FOREIGN ASSETS CONTROL REGULATIONS (OFAC FACR): 31 CFR, Parts 500-599, Embargoes, Sanctions, Executive Orders. Implemented by Dep't of Treasury, Office of Foreign Assets Control.

- Last Amendment: 15 Nov 2018: [83 FR 57308-57318](#): Democratic Republic of the Congo Sanctions Regulations

\* USITC HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES (HTS, HTSA or HTSUSA), 1 Jan 2019: 19 USC 1202 Annex. Implemented by U.S. International Trade Commission. ("HTS" and "HTSA" are often seen as abbreviations for the Harmonized Tariff Schedule of the United States Annotated, shortened versions of "HTSUSA".)

- Last Amendment: 12 Feb 2019: Harmonized System Update 1901 [contains 397 ABI records and 89 harmonized tariff records.]

- HTS codes for AES are available here.

- HTS codes that are not valid for AES are available here.

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## 16. Weekly Highlights of the Daily Bugle Top Stories

(Source: Editor)

Review last week's top Ex/Im stories in "Weekly Highlights of the Daily Bugle Top Stories" published here.

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## EDITORIAL POLICY

\* The Ex/Im Daily Update is a publication of FCC Advisory B.V., compiled by: Editor, James E. Bartlett III; Assistant Editors, Alexander P. Bosch and Vincent J.A. Goossen; and Events & Jobs Editor, Alex Witt. The Ex/Im Daily Update is emailed every business day to approximately 6,500 readers of changes to defense and high-tech trade laws and regulations. We check the following sources daily: Federal Register, Congressional Record, Commerce/AES, Commerce/BIS, DHS/CBP, DOE/NRC, DOJ/ATF, DoD/DSS, DoD/DTSA, FAR/DFARS, State/DDTC, Treasury/OFAC, White House, and similar websites of Australia, Canada, U.K., and other countries and international organizations. Due to space limitations, we do not post Arms Sales notifications, Denied Party listings, or Customs AD/CVD items.

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---

**From:** Steven Clagett [Steven.Clagett@bis.doc.gov]  
**Sent:** 2/14/2019 9:34:58 PM  
**To:** Timothy Mooney [Timothy.Mooney@bis.doc.gov]; Jeff Bond [Jeff.Bond@bis.doc.gov]  
**Subject:** FW: 3 D Printing - Firearms - NSSF background paper  
**Attachments:** 3D-printing.pdf


**Importance:** High

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**From:** Larry Keane <lkeane@nssf.org>  
**Sent:** Thursday, February 14, 2019 4:30 PM  
**To:** Steven Clagett <Steven.Clagett@bis.doc.gov>  
**Subject:** 3 D Printing - Firearms - NSSF background paper

Steve

Here is NSSF's background paper on 3D printing -   
<content/uploads/2019/02/3D-printing.pdf>

**Lawrence G. Keane**  
Senior Vice President for Government & Public Affairs,  
Assistant Secretary & General Counsel  
**National Shooting Sports Foundation**

**PII**

Wash DC: 400 No. Capitol St., NW, Suite 475, Washington, DC 20001  
CT: 11 Mile Hill Road, Newtown, CT 06470

*NSSF – The Firearms Industry Trade Association*  
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**Sent:** 2/15/2019 8:33:38 PM  
**To:** Abraham, Liz (Federal) [LAbraham@doc.gov]  
**Subject:** 19-0215 Friday "Daily Bugle"

# THE DAILY BUGLE

Friday, 15 February 2019

The Daily Bugle is a free daily newsletter from Full Circle Compliance, containing changes to export/import regulations (ATF, DOE/NRC, Customs, NISPOM, EAR, FACR/OFAC, FAR/DFARS, FTR/AES, HTSUS, and ITAR), plus news and events. [Subscribe here](#) for free subscription. [Contact us](#) for advertising inquiries and rates. *[The Daily Bugle will not be published on Monday, 18 February 2019, a U.S. Federal Holiday.]*

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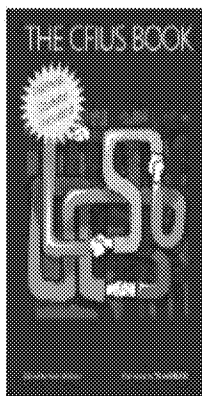
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*From the publisher of WorldECR and The Export Compliance Manager's Handbook*

## **THE CFIUS BOOK**

A new guide on how to navigate an investment or acquisition in sensitive industries or companies in the US, past the bureaucratic obstacles and hidden pitfalls to a successful conclusion. To find out more, **CLICK HERE** or go to [www.worldecr.com/books](http://www.worldecr.com/books)

#### **ITEMS FROM TODAY'S FEDERAL REGISTER**

1. U.S.-China Economic and Security Review Announces Open Public Hearing on 29 Feb in Washington DC  
(Source: [Federal Register](#), 15 Feb 2019.) [Excerpts.]

84 FR 4609-4610: Notice of Open Public Hearing

- \* AGENCY: U.S.-China Economic and Security Review Commission.
- \* ACTION: Notice of open public hearing.

\* SUMMARY: Notice is hereby given of the following hearing of the U.S.-China Economic and Security Review Commission.

The Commission is mandated by Congress to investigate, assess, and report to Congress annually on "the national security implications of the economic relationship between the United States and the People's Republic of China."

Pursuant to this mandate, the Commission will hold a public hearing in Washington, DC on February 28, 2019 on "Risks, Rewards, and Results: U.S. Companies in China and Chinese Companies in the United States."

\* DATES: The hearing is scheduled for Thursday, February 28, 2019 at 9:30 a.m.

\* ADDRESSES: TBD, Washington, DC. A detailed agenda for the hearing will be posted on the Commission's website at [www.uscc.gov](http://www.uscc.gov). Also, please check the Commission's website for possible changes to the hearing schedule.

Reservations are not required to attend the hearing.

\* FOR FURTHER INFORMATION CONTACT: Any member of the public seeking further information concerning the hearing should contact Leslie Tisdale Reagan, 444 North Capitol Street NW, Suite 602, Washington DC 20001; telephone: 202-624-1496, or via email at [lreagan@uscc.gov](mailto:lreagan@uscc.gov). Reservations are not required to attend the hearing.

\* SUPPLEMENTARY INFORMATION: ... This is the second public hearing the Commission will hold during its 2019 report cycle. This hearing seeks to evaluate two sets of relationships. In the first panel, hearing witnesses will review Chinese companies' participation in the U.S. economy, and in the second panel, hearing witnesses will review U.S. companies' participation in the Chinese economy. Both panels will assess implications of this participation for U.S. businesses, workers, consumers, and investors. The hearing will be co-chaired by Vice Chairman Robin Cleveland and Commissioner Michael Wessel. Any interested party may file a written statement by February 28, 2019, by mailing to the contact above. A portion of each panel will include a question and answer period between the Commissioners and the witnesses. ...

Dated: February 12, 2019.

Daniel W. Peck, Executive Director, U.S.-China Economic and Security Review Commission.

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## OTHER GOVERNMENT SOURCES

### 2. Items Scheduled for Publication in Future Federal Register Editions

(Source: [Federal Register](#))

\* Commerce/BIS; NOTICES; Agency Information Collection Activities; Proposals, Submissions, and Approvals: Chemical Weapons Convention Declaration and Report Handbook and Forms [Pub. Date: 19 Feb 2019.]

\* ITC; NOTICES; Investigations; Determinations, Modifications, and Rulings, etc.:

- U.S. SME Exports: Trade-Related Barriers Affecting Exports of U.S. Small- and Medium-Sized Enterprises to the United Kingdom;
- U.S.-Japan Trade Agreement: Advice on the Probable Economic Effect of Providing Duty-free Treatment for Currently Dutiable Imports; and
- United States-Mexico-Canada Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors [Pub. Dates: 19 Feb 2019.]

\* Treasury/OFAC; NOTICES; Blocking or Unblocking of Persons and Properties [Pub. Date: 19 Feb 2019.]

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### 3. Commerce/BIS: (No new postings.) (Source: [Commerce/BIS](#))

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### 4. State/DDTC: (No new postings.) (Source: [State/DDTC](#))

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### 5. Treasury/OFAC Assesses Civil Monetary Penalty Against AppliChem GmbH for Cuba Sanctions Violations (Source: [Treasury/OFAC](#), 14 Feb 2019.)

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today announced a \$5,512,564 penalty against AppliChem GmbH ("AppliChem") of Darmstadt, Germany for 304 violations of the Cuban Assets Control Regulations, 31 C.F.R. part 515. Between May 2012 and February 2016, AppliChem violated § 515.201 of the Cuban Assets Control Regulations when it fulfilled Cuba orders of chemical reagents on 304 invoices. OFAC determined that AppliChem's U.S. parent voluntarily self-disclosed the apparent violations, and that the apparent violations constitute an egregious case.

For more information on this action, please visit the following [web notice](#).

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### 6. EU Council to Reinforce Rules on Marketing and Use of Explosive Precursors (Source: [Council of the European Union](#), 14 Feb 2019.)

According to the new Regulation, the access to explosive precursors by members of the general public is to become subject to even tighter controls. The Council's Permanent Representatives' Committee today endorsed the provisional agreement reached on 4 February between the Romanian presidency of the Council and representatives of the European Parliament on a draft Regulation imposing stricter rules regarding the marketing and use of explosive precursors throughout the EU, with a view to limiting their availability to the general public, and ensuring the appropriate reporting of suspicious transactions throughout the supply chain.

Explosives precursors are chemical substances that can be used for legitimate purposes, but can also be misused for the illicit manufacture of homemade explosives.

The new rules will limit the availability of explosive precursors to the general public and ensure the appropriate reporting of suspicious transactions throughout the supply chain.

The proposed regulation provides for two distinct categories of explosive precursors:

- "restricted", which cannot be made available, introduced, possessed or used by members of the general public above certain concentration levels, and
- "regulated", for which suspicious transactions should be reported by economic operators, including online marketplaces.

Subject to the conditions set out in the regulation, member states retain the possibility of setting up licensing schemes, which would enable certain restricted explosive precursors to continue to be made available to the general public.

Subject to control by the Commission, member states will also be able to apply the rules relating to restricted explosive precursors to chemical substances not covered by the regulation.

The new rules also impose a number of training and awareness-raising obligations on:

- economic operators engaging in the manufacturing or selling explosive precursors and
- national inspection authorities.

The regulation shall apply eighteen months after its entry into force, which is expected to take place before the end of 2020.

### **Next Steps**

The agreed text, following the usual legal/linguistic scrutiny, will be submitted for formal adoption to the European Parliament and the Council.

### **Background**

With a view to preventing the illicit manufacture of explosives, regulation (EU) No 98/2013 on the marketing and use of explosives precursors restricts the availability, introduction, possession and use of selected explosives precursors to the general public and sets up rules on the reporting of suspicious transactions.

The existing restrictions and controls have proved to be insufficient to prevent the illicit manufacture of homemade explosives. For instance, the requirement of registering transactions does not deter or prevent criminals from acquiring explosives precursors.

Furthermore, the existing regulation is not clear enough as regards several of the obligations it imposes, including those that seek to ensure transmission of information along the supply chain.

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## NEWS

7.

Bloomberg: "How to Win a Tech Cold War"

(Source: [Bloomberg](#), 14 Feb 2019.) [Excerpts.]

*Carving out areas of American technology that are off-limits to China requires a scalpel, not a chainsaw.*

If a digital Iron Curtain is falling between the U.S. and China, America seems increasingly eager to yank its side down. A hasty and excessive response, however, runs the risk of undermining its own technological advantage.

The most visible assault is the one the U.S. has launched against Huawei Technologies Co. Ltd., the world's leading telecommunications equipment business. American officials have pressured Western allies to ban Huawei technology from forthcoming 5G wireless networks, which will connect everything from mobile phones to autonomous cars. The Justice Department has indicted Huawei for corporate espionage and wants to prosecute Chief Financial Officer Meng Wanzhou for allegedly misleading banks about Huawei's business dealings in Iran. ...

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8.

The Epoch Times: "Texas Man Sentenced to 8 Years in Prison for 3-D Gun"

(Source: [The Epoch Times](#), 15 Feb 2019.) [Excerpts.]

A Texas man has been sentenced to eight years in federal prison after police found him in the woods with a partially 3-D printed AR-15 rifle and a list of federal lawmakers' addresses in his backpack.

Eric McGinnis was convicted last summer of possessing an unregistered short-barreled rifle. He also was found guilty of unlawfully possessing ammunition while subject to an active protective order that had been issued because of a 2015 altercation with a girlfriend. ...

Under the proposed changes to ITAR, weapons like pistols that are available to American citizens would be taken out of the State Department's purview and put under that of the Commerce Department. The difference is pertinent to Wilson's case, as the Commerce Department is more concerned with intellectual property than national security. ...

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## 9. Rotor & Wing International: "Aerospace Industries Association Urges Flexibility on Export Controls on UAS" (Source: [Rotor & Wing International](#), 14 Feb 2019.) [Excerpts.]

The Aerospace Industries Association (AIA) is urging policy makers to consider the weight, speed, and range of unmanned aircraft systems (UAS) so as to allow U.S. company exports of such systems without running the risk that foreign countries could use some of the exports to proliferate cruise missiles.

Eric Fanning, the president and CEO of AIA, on Feb. 14 called for full implementation of the reforms in the Conventional Arms Transfer Policy, including ensuring that export controls on UAS "reflect market conditions and technology trends."

In the past, countries, such as the UAE, Jordan and Saudi Arabia, were denied in their purchase request for U.S. drones, and China stepped in to become a supplier. Under the Missile Technology Control Regime, the Trump administration has advocated facilitating the export of any UAS, such as the General Atomics MQ-9 Reaper, that flies under 650 kilometers per hour.

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## 10. VOA: "Norwegian Airline's Plane Stuck in Iran Awaiting Parts" (Source: [VOA](#), 5 Jan 2019.) [Excerpts.]

Norwegian Air Shuttle said Friday one of its Boeing 737s has been stuck in Iran for three weeks after an unscheduled landing because of engine problems, as



U.S. restrictions reportedly create headaches for the airline and possibly passengers.

The aircraft was en route from Dubai to Oslo with 192 passengers and crew members when it carried out a "safety landing" in Shiraz in southwestern Iran because of engine trouble Dec. 14, a Norwegian Air Shuttle spokesman, Andreas Hjornholm, told AFP.

While passengers were able to fly on to Oslo the following day on another aircraft, the Boeing 737 Max has been stuck on Iranian soil where the airline's mechanics are trying to repair it, Hjornholm said. ...

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11.

## WorldECR: "'Lack of Control Over Emerging Technology' Concerns Australian Lawmaker"

(Source: [WorldECR](#), 15 Feb 2019.)

Australia's Defense Export Control Organization ("DECO") has given its backing to all the recommendations made by an independent parliamentary review of the Defense Trade Control Act ('DTC Act').

Amongst the gaps identified in the DTC Act are "the lack of control over the transfer of technology not captured by the DTC Act's existing provisions but which, if transferred to foreign entities with interests contrary to Australia's, could prejudice Australia's security, defense and international relations."

The review also identified 'the inadequate control of emerging and sensitive military and dual-use technology' as something that needs to be addressed.

In its response to the review, the government has said that "the Defense Exports Controls Branch (DEC) will establish a working group, led by an independent person, to develop options to address the identified gaps in the Defense Trade Controls Act 2012 (DTC Act). The working group will consist of representatives from Defense and other relevant government agencies and university, industry and SME representatives to develop practical, risk-based legislative proposals to amend the DTC Act to enhance the government's ability to prevent the transfer of defense and dual-use technology to entities that may use it in a manner contrary to Australian interests or who are acting on behalf of a foreign power."

Further information is available [here](#).

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COMMENTARY

12.

## M. Volkov: "Corruption Risks and the Issue of Foreign Government Officials"

(Source: [Volkov Law Group Blog](#), 13 Feb 2019. Reprinted by permission.)

\* Author: Michael Volkov, Esq., Volkov Law Group, [mvolkov@volkovlaw.com](mailto:mvolkov@volkovlaw.com), 240-505-1992.

Global companies are expending more time and resources to understanding their relationships with foreign officials. This is a key focus of every anti-corruption compliance program.

Foreign government officials create different risks depending on the relationship and the nature of the interactions. A helpful way to examine the issue is by dividing government officials into two categories - foreign government official (FGO) owners and FGOs that interact with your company and/or third-party representatives. Each scenario presents unique and significant risks.

Let's start with FGO owners.

If Company A retains a third-party Company B, which is partially or wholly-owned by an FGO owner, that creates a real risk. In fact, corrupt FGOs have been using this scheme as a way to avoid their presence in specific high-risk transactions. FGO owners may disguise their ownership in a third-party entity to secure payments through its equity ownership and distribution of proceeds.

One of the more significant examples was Manuel Vicente, the then-head of Sonangol, Angola's state-owned oil and gas business, hidden interest of 10 percent equity in a third-party employed by a US-based drilling company. I often cite this example as a reason for companies to secure beneficial ownership of their third parties.

There are other examples involving Russian Oligarchs and FGO owners in entities exposed in the Panama papers scandal. The list of disguises and schemes goes on and on. An ownership interest of as little as 1 percent in an entity may be part of a bribery scheme. As a result, global companies have to screen, identify and assess corruption risks with an intense examination of all beneficial owners.

Now, let's turn to FGO interactions. In this risk area, we are focused on FGOs with whom our company or our third parties interact on our behalf.

A common example is an FGO who is conducting or responsible for a competitive RFP. In this situation, our risk is clear - if we pay money or provide an item(s) of value to the FGO, and we do so with corrupt intent, i.e. the intent to influence the FGO to act contrary to his or her officials' duties and responsibilities, we may violate the FCPA. There are a large number of these risky interactions beyond government-run RFPs.

For example, our company may retain a third-party tax professional to interact on our behalf with an FGO responsible for collecting taxes from our company in China. Such interactions are high-risk and we need to isolate, assess and build controls around such interactions to protect against illegal bribery schemes.

The complications arise in this specific area based on the nature and number of FGO interactions. Our company's sales department, lobbyists and other employees may interact with FGOs on a regular basis - monitoring each and every interaction is impossible and impracticable. The issue begs various questions:

- What interactions are riskiest?
- Which types of interactions should be subject to monitoring?
- How would a company effectively monitor such interactions?
- What strategies would work best to ensure that such interactions do not veer off into potential corrupt transactions?

These are interesting issues and compliance officers face difficult questions in developing effective strategies.

Some adopt a "train and pray" approach - train the company employees and pray they nothing bad happens. Other companies may employ proactive monitoring of expenditures connected to the company employees and potentially benefiting FGOs.

But the issue becomes even more difficult when companies retain a third-party to handle such interactions. Global companies do not have the requisite control and oversight of these third parties to prevent and detect corrupt schemes, and have to adopt robust training, monitoring and auditing strategies.

This is no easy task and companies are developing new and innovative strategies in this area, with the assistance of vendors offering automated solutions that incorporate data analytics and other new, cutting-edge solutions.

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13.

T. Cosgrove: "Geopolitical Risk: How Sanctions Increase Supply Chain Risks"

(Source: [Dub & Bradstreet](#), 12 Feb 2019.)

\* Author: T. Cosgrove, Global Head of Strategy, Supply and Compliance, Dun & Bradstreet.

*Learn How to Assess Compliance Implications When Supply Chain Disruptions are Possible. Get the First Steps to Protecting Against Geopolitical Risk*

In the current geopolitical climate, dealing with compliance issues under the present US administration has become a challenge not just for domestic compliance officers, but also for those in the UK, Europe, Canada, and Mexico.

Sanctions have significant implications for companies everywhere. In 2018, the US withdrew from the Iran nuclear deal, restricting various persons and entities from generally doing business with Iran. Companies with business interests in the country will be required to cease business activities within a certain "wind-down" period, after which, if the goods and services of their contracts have not been fully provided or delivered, either the subsidiary or Iranian company will have extremely limited remedies by which to recoup their losses. The implications of this are far reaching, and it will be important to adapt quickly in the coming year.

### **How Sanctions Increase Supply Chain Risks**

You may not think you're at risk from sanctions imposed on other countries. However, the impact can have a domino effect, and companies need to look beyond their Tier 1 suppliers. Their suppliers likely conduct business with thousands of smaller companies around the world, all linking back to the primary corporation. Global sanctions require corporations to have visibility into their supplier base at the secondary and tertiary levels - and even beyond. Aside from the legal ramifications and loss of goods and services, further consequences could include the loss of financing by US banks, the loss of US shareholders, and the inability to continue US operations. You can clearly see the devastating effect violations can have not only on the entity at fault but throughout its entire supply chain. It's important to be prepared for sudden political changes and foreign policy pivots. Every organization should have a plan for adapting to change in a volatile political environment.

### **How to Assess Compliance Implications**

*Compliance Week's* Joe Mont identifies three things companies should do to begin to formulate a plan for Iran sanctions in [\*Navigating the Uncharted Waters of Geopolitical Risk\*](#):

(1) **Identify touchpoints.** The first step companies should take is to identify their Iran-related touchpoints, both direct and indirect. Questions to consider include:

- Do any non-US subsidiaries conduct business with Iranian counterparties?
- Where do your ships port?
- Are you transacting in US dollars?

(2) **Assess touchpoints.** "What companies should do is take an inventory of their activities related to Iran," said Theodore Kassinger, a partner at law firm O'Melveny. That involves not only assessing existing contracts, but also having solid answers to these questions:

- What delivery schedules exist, and how do they fit into the wind-down period?
- What's in the pipeline for potential contracts that could be awarded?
- What payments are owed?

- Which operational processes have been put in place to handle business with Iran?

**(3) Review existing contracts.** Companies should also review existing contracts with Iranian counterparties and any other agreements that touch Iran to assess how to fulfill the terms of the contract, or terminate it, before the wind-down period ends. For goods or services not fully provided or delivered to an Iranian counterparty, "suppliers should be in discussions with their Iranian customers on how to handle matters already contracted for that may not be completed within the wind-down periods," Kassinger said.

If your due diligence strategy can't quickly adapt to changes in the geopolitical landscape, your organization is at risk.

You need to ensure your compliance risk program screens for the beneficial ownership of all parties you do business with and that it includes a documentable audit trail. That information should also be communicated clearly to relevant stakeholders, including employees, subsidiaries, portfolio companies, and other business partners.

#### The First Step to Protecting Against Geopolitical Risk

Steve Klemash, Americas Leader for the EY Center for Board Management, recommends that leaders ask themselves the following questions to guard against risk:

- Am I addressing geopolitical risk in a comprehensive fashion?
- What is the most comprehensive approach around strategic implications, financial reporting and compliance implications?
- What analysis tools should I be using?
- Is management supporting actions taken regarding these risks?

Making an honest appraisal of where your organization stands and what changes need to be made to be responsive to any shifts in the geopolitical environment is the first step in protecting yourself against geopolitical risk.

To learn more about the implications of geopolitical risk, click [here](#) to download the [free] *Compliance Week* e-book.

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## 14. UAE-Based University Publishes Comparative Analysis of UAE and UK Export Control Regulations

(Source: International Journal of Finance, Economics, and Trade, Jan 2019.)

Author of the article is Bashar H. Malkawi, Dean and Professor of Law, University of Sharjah, United Arab Emirates. Read the full article [here](#).

**Abstract:** Governments across the world appreciate the need for checks on the transfer or exportation of commodities, information, software, and technology considered of strategic value. In order to control exports, countries rely on laws, treaties, international arrangements and other related instruments. In the current case, the UAE is largely dependent on Federal Law

No. 12 of 2008 while the UK depends on the Export Control Act of 2002. It is established that the legislations enact amendments to reflect the dynamic nature of the state environment. However, the entry into international arrangements supports the view that the fight against trading in dual-use, military, or sensitive products require cooperative efforts from state parties in order to attain success. The current paper assesses export controls in the United Arab Emirates (UAE) and the United Kingdom.

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**U.S. Export Controls:  
ITAR & EAR from a non-U.S. Perspective**

Tuesday, 9 April 2019  
Bruchem, The Netherlands

Register Now and get an Early-Bird Discount!

#### EX/IM TRAINING EVENTS & CONFERENCES

15. FCC Presents U.S. Export Controls Awareness Course:  
"ITAR & EAR from a non-U.S. Perspective", 9 April in  
Bruchem, the Netherlands  
(Source: Full Circle Compliance, [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu).)

Our next academy course is specifically designed for beginning compliance professionals and those in a similar role who aim to stay up-to-date with the

latest U.S. export control requirements that apply to non-U.S. transactions, and industry's best practices.

The course will cover multiple topics relevant for organizations outside the U.S. that are subject to U.S. export controls, including: the U.S. regulatory framework, key concepts and definitions, tips regarding classification and licensing, essential steps to ensure a U.S. export control compliant shipment, how to handle a (potential) non-compliance issue, recent enforcement trends, and the latest and anticipated regulatory amendments. Participants will receive a certification upon completion of the training.

\* What: Awareness Course U.S. Export Controls: ITAR & EAR from a Non-U.S. Perspective

\* When: Tuesday, 9 Apr 2010, 9.30 am - 4.30 pm (CET)

\* Where: Landgoed Groenhoven, Bruchem, the Netherlands

\* Sponsor: [Full Circle Compliance](#) (FCC)

\* Instructors: Michael E. Farrell, and Drs. Alexander P. Bosch

\* Information & Registration: [HERE](#), or email [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu).

*Register before 18 February and get a 10% Early Bird discount on the course fee!*

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## 16. List of Approaching Events: 115 Events Posted This Week, Including 31 New Events

(Sources: Editor and Event Sponsors)

Published every Friday or last publication day of the week, our overview of Approaching Events is organized to list continuously available training, training events, seminars & conferences, and webinars.

Please, submit your event announcement to Alexander Witt, Events & Jobs Editor (email: [awitt@fullcirclecompliance.eu](mailto:awitt@fullcirclecompliance.eu)), composed in the below format:

# DATE: LOCATION; "EVENT TITLE"; EVENT SPONSOR; WEBLINK;  
CONTACT DETAILS (email and/or phone number)

"#" = New or updated listing

### ***Continuously Available Training***

\* E-Seminars: "US Export Controls" / "Defense Trade Controls"; Export Compliance Training Institute; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com)

\* Webinar: "Company-Wide US Export Controls Awareness Program"; Export Compliance Training Institute; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com)

\* E-Seminars: "ITAR/EAR Awareness"; Export Compliance Solutions; [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com)

\* Online: "Simplified Network Application Process Redesign (SNAP-R)"; Commerce/BIS; 202-482-2227

- \* E-Seminars: "[Webinars On-Demand Library](#)"; Sandler, Travis & Rosenberg, P.A.
- \* Online: "[International Trade Webinars](#)"; Global Training Center
- \* Online: "[On-Demand Webinars](#)"; "[General Training](#)"; Center for Development of Security Excellence; Defense Security Service (DSS)
- \* Online: "[ACE Reports Training and User Guide](#)"; DHS/CBP
- \* Online: "[Increase Your International Sales - Webinar Archive](#)"; U.S. Commercial Service
- \* Web Form: "[Compliance Snapshot Assessment](#)"; Commonwealth Trading Partners (CTP)
- \* Online: "[Customs Broker Exam Prep Course](#)"; The Exam Center

### *Seminars and Conferences*

- \* Feb 18-21: Orlando, FL; "[ITAR Defense Trade Controls / EAR Export Controls Seminar](#)"; ECTI
- \* Feb 20-22: Houston, TX; "[Advanced Topics in Customs Compliance 2019 Conference](#)"; Braumiller;
- \* Feb 20: Miami, FL; "[ABC's of Protecting Your Brand](#)"; Diaz Trade Consulting
- \* Feb 21: Vernon Hills, IL; "[Export Controls and Enforcement Share](#)"; Highland Park Chamber of Commerce
- # Feb 25: Leeds, UK; "[How to complete Export Declarations](#)"; Chamber International
- # Feb 26: Leeds, UK; "[Export Documentation & Import Procedures](#)"; Chamber International
- \* Feb 26-27; Chicago, IL; "[CTPAT Training](#)"; SCS America
- \* Feb 26-27: Miami, FL; "[Complying with U.S. Export Controls](#)"; Commerce/BIS
- # Feb 27: New York; "[Avoiding Trump's Tariffs New York City Seminar](#)"; International Trade Law
- \* Feb 28; San Bruno CA; "[Introduction to Import and Export Compliance](#)"; Skyline College
- \* Feb 28; Liverpool, UK; "[You Can Export: How to Manage Agents & Distributors](#)"; UK/DIT
- \* Mar 4-6: Savannah, GA; "[2019 Winter Back to Basics Conference](#)"; SIA
- # Mar 5: Leeds, UK; "[Understanding Incoterms](#)"; Chamber International
- \* Mar 5-6: San Diego, CA; "[Complying with U.S. Export Controls](#)"; Commerce/BIS
- \* Mar 5-7: Orlando, FL; "['Partnering for Compliance' Export/Import Control Training and Education Program](#)"; Partnering for Compliance
- # Mar 6: McLean, VA; "[International Trade, Export Compliance & Customs Update](#)"; KPMG LLP; [cdonahue@kpmg.com](mailto:cdonahue@kpmg.com); +1 703-286-8131;
- \* Mar 6-7: San Diego, CA; "[Complying with U.S. Export Controls](#)"; Commerce/BIS
- \* Mar 7-8: Dallas, TX; "[CTPAT Training](#)"; SCS America
- \* Mar 9: Orlando, FL; "[Customs/Import Boot Camp](#)"; Partnering for Compliance
- \* Mar 11: Hoofddorp, NL; "[Export Control, Dual-use en Sancties](#)"; Fenex
- \* Mar 12-14: Dallas, TX; "[Complying with U.S. Export Controls](#)"; Commerce/BIS
- \* Mar 12-14: Dallas, TX; "[How to Build an Export Compliance Program](#)"; Commerce/BIS



- \* Mar 12: Hasselt, Belgium; "Wegwijs in exportcontrole, dual-use goederen & embargo"; Vlams Netwerk van Ondernemingen
- \* Mar 13: Birmingham, UK; "Strategic Export Control: Intermediate Practitioners course"; UK/DIT
- \* Mar 14: Birmingham, UK; "Strategic Export Control: Foundation Workshop"; UK/DIT
- \* Mar 14: Birmingham, UK; "Strategic Export Control: Licenses Workshop"; UK/DIT
- # Mar 15: Leeds, UK; "How to Complete Export Declarations"; Chamber International
- \* Mar 18-21: Las Vegas, NV; "ITAR Defense Trade Controls / EAR Export Controls Seminar"; ECTI
- \* Mar 20: Miami, FL; "CHINA TARIFFS/AD/CVD 101"; Diaz Trade Consulting
- \* Mar 24-27: Orlando, FL; ICPA Annual Conference, <https://bit.ly/2GtRDu7>
- \* Mar 25-27: San Francisco; "Global Encryption, Cloud and Cyber Trade Controls Conference"; Thomsen & Burke LLP;
- # Mar 26: Leeds, UK; "Understanding Exporting"; Chamber International
- \* Mar 26-27: Pittsburgh, PA; "Complying with U.S. Export Controls"; Commerce/BIS
- # Mar 26-27: Scottsdale, AZ; "Managing ITAR/EAR Complexities"; Export Compliance Solutions (ECS); [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com) or 866-238-4018
- # Mar 27: Bristol, UK; "Classification of Goods - Using Commodity and Tariff Codes"; BusinessWest
- # Mar 27: Bristol, UK; "Incoterms® Rules 2010"; BusinessWest
- \* Mar 27-28: San Francisco, CA; "Global Encryption, Cloud & Cyber Trade Controls"; American Conference Institute
- # Mar 28: Bristol, UK; "Introduction to Export Procedures"; BusinessWest
- \* Apr 1: Eindhoven, NL; "Export Control, Dual-use en Sancties"; Fenex
- # Apr 2: Brussels, Belgium; "Dual-Use, Military Research & Misuse"; Vrije Universiteit Brussel
- \* Apr 1-4: Washington, DC; "ITAR Defense Trade Controls / EAR Export Controls Seminar"; ECTI
- \* Apr 2-3: Long Beach, CA; "Voluntary Disclosure/Self Disclosure and Exemptions/Exceptions Seminars"; SIA
- \* Apr 3-4: Denver, CO; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Apr 4-5; Miami, FL; "CTPAT Training"; SCS America
- \* Apr 9: Bruchem, The Netherlands; "Awareness Course U.S. Export Controls: ITAR & EAR from a Non-U.S. Perspective"; Full Circle Compliance
- # Apr 16: Leeds, UK; "Export Documentation"; Chamber International
- \* Apr 17: Miami, FL; "CBP COMPLIANCE & ENFORCEMENT"; Diaz Trade Consulting
- \* Apr 17-18; Miramar, FL; "11th Maritime Forwarding, Freight Logistics & Global Chain Supply Workshop"; ABS Consulting;
- \* Apr 23-24: Portsmouth, NH; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Apr 25: Portsmouth, NH; "Technology Controls"; Commerce/BIS
- \* Apr 29-May 2: London, UK; "US Export Controls on Non-US Transactions: EAR, OFAC & ITAR Compliance for EU/UK and other Non-US Companies PLUS Other Country Controls Comparison to US"; ECTI

- \* Apr 30-May 1: Nashville, TN: "Mastering ITAR/EAR Challenges"; Export Compliance Solutions (ECS);
- # May 1: Leeds, UK; "Understanding Exporting & Incoterms"; Chamber International
- \* May 2-3: Washington DC; "Economic Sanctions Enforcement and Compliance"; American Conference Institute
- \* May 5-7: Savannah, GA; "2019 Spring Seminar"; National Association of Foreign Trade Zones (NAFTZ)
- \* May 6-7: Atlanta, GA; "2019 Spring Conference"; SIA
- \* May 7: Bruchem, The Netherlands; "An Introduction to EU / Dutch Dual-Use and Military Export Controls"; Full Circle Compliance
- \* May 13-16: Washington, D.C.; "ITAR / EAR / OFAC Commercial and Military Export Controls. How ITAR, EAR & OFAC Regulations Impact Non-US Companies, Affiliates and Transactions"; ECTI;
- # May 15: Bristol, UK; "A Foundation Course in Importing"; BusinessWest
- # May 16: Bristol, UK; "Export Controls and Licensing"; BusinessWest
- # May 16: Bristol, UK; "Inward Processing Relief"; BusinessWest
- \* May 16: Hamburg, Germany; "U.S. Export Controls and Embargoes & Sanctions for European Companies"; Hamburger Zollakademie
- # May 21: London, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- \* May 27-30: Singapore; "US Export Controls on Non-US Transactions: EAR, OFAC & ITAR Compliance for Asia and other Non-US Companies PLUS Other Country Controls Comparison to US"; ECTI;
- \* Jun 5-6: Seattle, WA; "Complying with U.S. Export Controls"; Commerce/BIS
- # Jun 7: Upper Marlboro, MD; "2019 Spring Golf Outing"; SIA
- \* Jun 10: Cleveland, OH; "Letters of Credit"; Global Training Center
- \* Jun 11: Cleveland, OH; "Export Doc & Proc"; Global Training Center
- \* Jun 12: Cleveland, OH; "Tariff Classification"; Global Training Center
- \* Jun 13: Cleveland, OH; "NAFTA Rules of Origin"; Global Training Center
- \* Jun 14: Cleveland, OH; "Incoterms® 2010 Rules"; Global Training
- \* Jun 17-20: San Diego, CA; "ITAR Defense Trade Controls / EAR Export Controls"; ECTI
- # Jul 3: Bristol, UK; "Introduction to Export Procedures - Export Training"; BusinessWest
- # Jul 4: Bristol, UK; "Using Documentary Letters of Credit, Drafts and Bills"; BusinessWest
- \* Jul 8 - 10: National Harbour, MD; "2019 Summer Back to Basics Conference"; SIA
- \* Jul 10-11: Seattle, WA: "Boot Camp: Achieving ITAR/EAR Compliance"; Export Compliance Solutions (ECS);
- # Jul 11: Birmingham, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- \* Aug 20-21: Cincinnati, OH; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Aug 20-21: Milpitas, CA; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Aug 22: Milpitas, CA: "Encryption Controls"; Commerce/BIS
- \* Sep 8-11: Chicago, IL; "2019 Annual Conference and Exposition"; National Association of Foreign Trade Zones (NAFTZ)

- \* Sep 16-19: Austin, TX; "ITAR Controls / EAR & OFAC Export Controls (Sep 18-19) Seminar Series"; ECTI; 540-433-3977
- \* Sep 17-19: Annapolis, MD; "The ECS 2nd Annual ITAR/EAR Symposium"; ECS
- \* Sep 20: Las Vegas; "EAR and OFAC Fundamentals: Export Control Of Dual-Use Equipment"; Barnes & Thornburg LLP
- # Sep 25: Bristol, UK; "Classification of Goods - Using Commodity and Tariff Codes"; BusinessWest
- # Sep 25: Bristol, UK; "Incoterms® Rules 2010"; BusinessWest
- # Sep 25: London, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- # Sep 26: Bristol, UK; "Understanding The Paperwork"; BusinessWest
- \* Sep 30 - Oct 3; Amsterdam, NL; "ITAR Controls / EAR/OFAC Commercial and Military Controls"; ECTI; 540-433-3977
- \* Oct 1: Bruchem, The Netherlands; "The Export Administration Regulations (EAR) from a non-U.S. Perspective"; Full Circle Compliance
- \* Oct 14-17; Columbus, OH; "University Export Controls Seminar"; ECTI; 540-433-3977
- \* Oct 28-29: Washington D.C.; "2019 Fall Advanced Conference"; SIA
- \* Oct 28-31; Phoenix, AZ; "ITAR Controls / EAR & OFAC Export Controls Seminar Series"; ECTI; 540-433-3977
- \* Nov 11-14; Washington, DC; "ITAR Controls / EAR & OFAC Export Controls Seminar Series"; ECTI; 540-433-3977
- # Nov 20: Bristol, UK; "Introduction to Export Procedures - Export Training"; BusinessWest
- # Nov 21: Bristol, UK; "A Foundation Course in Importing"; BusinessWest
- \* Nov 26: Bruchem, The Netherlands; "The International Traffic in Arms Regulations (EAR) from a non-U.S. Perspective"; Full Circle Compliance
- # Nov 27: Manchester, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- \* Dec 4-5: New York, NY; "10th Annual New York Forum on Economic Sanctions"; American Conference Institute
- \* Dec 9-12; Miami, FL; "ITAR Controls / EAR & OFAC Export Controls Seminar Series"; ECTI; 540-433-3977
- \* Dec 12-13; Washington D.C.; "Coping with U.S. Export Controls and Sanctions 2019"; Practicing Law Institute

#### *Webinars*

- \* Feb 21: Webinar: "Critical Technology Protection: Foreign Visits and Academic Solicitation"; CDSE;
- \* Feb 21: Webinar: "Hot Topics in US Sanctions - Recent Enforcement, Compliance Best Practices"; ECTI; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com); 540-433-3977
- \* Feb 26: Webinar: "Handling Voluntary Disclosures and Internal Investigations"; ECTI; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com); 540-433-3977
- \* Feb 27: Webinar: "Cornerstones of ITAR Compliance: Controlled Items, Activities & Technical Data"; ECTI; 540-433-3977
- \* Feb 28: Webinar: "Control Tower: timely response to your supply chain disruptions"; Amber Road

# Feb 28: Webinar: "[Economic Sanctions after Brexit with Maya Lester QC](#)"; Brick Court Chambers

\* Feb 28: Webinar: "[Foreign Investment Reviews: What CFIUS' Expanded Powers Mean for You](#)"; STR Trade;

\* Feb 28: Webinar: "[The Fundamentals of Product Classification](#)"; ECTI; 540-433-3977

\* Mar 6: Webinar: "[Cornerstones of ITAR Compliance: Registration, Empowered Officials & Exemptions](#)"; ECTI; 540-433-3977

# Mar 8: Webinar: "[Managing Export Compliance and Export Controls Risk](#)"; Online Compliance Panel

\* Mar 12: Webinar; "[DIY Encryption Classification 2019 Edition](#)"; ECTI; 540-433-3977; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com)

\* Mar 13: Webinar: "[Cornerstones of ITAR Compliance: Licenses and Agreements](#)"; ECTI; 540-433-3977

\* Mar 14: Webinar: "[ITAR Training Basics - For Compliance Executives March](#)"; CVG Strategy

\* Mar 20: Webinar: "[Cornerstones of ITAR Compliance: Administration, Documentation and Shipping](#)"; ECTI; 540-433-3977

\* Apr 8: Webinar: "[Export Control Compliance: Creating And Self Assessing Your Export Control Program \(ECP\) To Sanctioned Countries](#)"; GRC Educators

\* Apr 23: Webinar: "[ITAR Training Basics - For Compliance Executives April](#)"; CVG Strategy

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## EDITOR'S NOTES

### 17. Bartlett's Unfamiliar Quotations (Source: Editor)

\* **Galileo** (Galileo Galilei; 15 Feb 1564 - 8 Jan 1642; was an Italian astronomer, physicist, and engineer, sometimes described as a polymath. Galileo has been called the "father of observational astronomy", the "father of modern physics", the "father of the scientific method", and the "father of modern science".)

- "*Measure what is measurable, and make measurable what is not so.*"  
- "*I have never met a man so ignorant that I couldn't learn something from him.*"

#### **This week's proverbs:**

\* *Do not rejoice at my grief, for when mine is old, yours will be new.* | Spanish Proverb  
\* *What you see in yourself is what you see in the world.* | Afghan Proverb  
\* *Examine what is said, not who speaks.* | Arab Proverb

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## 18. Are Your Copies of Regulations Up to Date?

(Source: Editor)

The official versions of the following regulations are published annually in the U.S. Code of Federal Regulations (C.F.R.), but are updated as amended in the Federal Register. The latest amendments to applicable regulations are listed below.

\* DHS CUSTOMS REGULATIONS: 19 CFR, Ch. 1, Pts. 0-199. Implemented by Dep't of Homeland Security, U.S. Customs & Border Protection.

- Last Amendment: 14 Jan 2019: 84 FR 112-116: Extension of Import Restrictions Imposed on Certain Archaeological and Ecclesiastical Ethnological Material from Bulgaria; and 84 FR 107-112: Extension of Import Restrictions Imposed on Certain Archaeological Material From China.

\* DOC EXPORT ADMINISTRATION REGULATIONS (EAR): 15 CFR Subtit. B, Ch. VII, Pts. 730-774. Implemented by Dep't of Commerce, Bureau of Industry & Security.

- Last Amendment: 20 Dec 2018: 83 FR 65292-65294: Control of Military Electronic Equipment and Other Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML); Correction [Concerning ECCN 7A005 and ECCN 7A105.]

\* DOC FOREIGN TRADE REGULATIONS (FTR): 15 CFR Part 30. Implemented by Dep't of Commerce, U.S. Census Bureau.

- Last Amendment: 24 Apr 2018: 83 FR 17749-17751: Foreign Trade Regulations (FTR): Clarification on the Collection and Confidentiality of Kimberley Process Certificates

- HTS codes that are not valid for AES are available [here](#).

- The latest edition (1 Jan 2019) of *Bartlett's Annotated FTR* ("BAFTR"), by James E. Bartlett III, is available for downloading in Word format. The BAFTR contains all FTR amendments, FTR Letters and Notices, a large Index, and approximately 250 footnotes containing case annotations, practice tips, Census/AES guidance, and explanations of the numerous errors contained in the official text. Subscribers receive revised copies in Microsoft Word every time the FTR is amended. The BAFTR is available by annual subscription from the Full Circle Compliance [website](#). BITAR subscribers are entitled to a 25% discount on subscriptions to the BAFTR. Government employees (including military) and employees of universities are eligible for a 50% discount on both publications at [www.FullCircleCompliance.eu](http://www.FullCircleCompliance.eu).

\* DOD NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL (NISPOM): DoD 5220.22-M. Implemented by Dep't of Defense.

- Last Amendment: 18 May 2016: Change 2: Implement an insider threat program; reporting requirements for Cleared Defense Contractors; alignment with Federal standards for classified information systems; incorporated and cancelled Supp. 1 to the NISPOM (Summary [here](#).)

\* DOE ASSISTANCE TO FOREIGN ATOMIC ENERGY ACTIVITIES: 10 CFR Part 810; Implemented by Dep't of Energy, National Nuclear Security Administration, under the Atomic Energy Act of 1954.

- Last Amendment: 23 Feb 2015: [80 FR 9359](#), comprehensive updating of regulations, updates the activities and technologies subject to specific authorization and DOE reporting requirements. This rule also identifies destinations with respect to which most assistance would be generally authorized and destinations that would require a specific authorization by the Secretary of Energy.

\* [DOE EXPORT AND IMPORT OF NUCLEAR EQUIPMENT AND MATERIAL](#); 10 CFR Part 110; Implemented by Dep't of Energy, U.S. Nuclear Regulatory Commission, under the Atomic Energy Act of 1954.

- Last Amendment: 20 Nov 2018, 10 CFR 110.6, Re-transfers.

\* [DOJ ATF ARMS IMPORT REGULATIONS](#): 27 CFR Part 447-Importation of Arms, Ammunition, and Implements of War. Implemented by Dep't of Justice, Bureau of Alcohol, Tobacco, Firearms & Explosives.

- Last Amendment: 26 Dec 2018: [83 FR 66514-66554](#): Bump-Stock-Type Devices

\* [DOS INTERNATIONAL TRAFFIC IN ARMS REGULATIONS \(ITAR\)](#): 22 C.F.R. Ch. I, Subch. M, Pts. 120-130. Implemented by Dep't of State, Directorate of Defense Trade Controls.

- Last Amendment: 4 Oct 2018: [83 FR 50003-50007](#): Regulatory Reform Revisions to the International Traffic in Arms Regulations.

- The only available fully updated copy (latest edition: 1 Jan 2019) of the ITAR with all amendments is contained in *Bartlett's Annotated ITAR* ("BITAR"), by James E. Bartlett III. The BITAR contains all ITAR amendments to date, plus a large Index, over 800 footnotes containing amendment histories, case annotations, practice tips, DDTC guidance, and explanations of errors in the official ITAR text. Subscribers receive updated copies of the BITAR in Word by email, usually revised within 24 hours after every ITAR amendment. The BITAR is available by annual subscription from the Full Circle Compliance [website](#). BAFTTR subscribers receive a \$25 discount on subscriptions to the BITAR, please [contact us](#) to receive your discount code.

\* [DOT FOREIGN ASSETS CONTROL REGULATIONS \(OFAC FACR\)](#): 31 CFR, Parts 500-599, Embargoes, Sanctions, Executive Orders.

Implemented by Dep't of Treasury, Office of Foreign Assets Control.

- Last Amendment: 15 Nov 2018: [83 FR 57308-57318](#): Democratic Republic of the Congo Sanctions Regulations

\* [USITC HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES \(HTS, HTSA or HTSUSA\)](#), 1 Jan 2019: 19 USC 1202 Annex. Implemented by U.S. International Trade Commission. ("HTS" and "HTSA" are often seen as abbreviations for the Harmonized Tariff Schedule of the United States Annotated, shortened versions of "HTSUSA".)

- Last Update: 12 Feb 2019: [Harmonized System Update 1901](#) [contains 397 ABI records and 89 harmonized tariff records.]

- HTS codes for AES are available [here](#).

- HTS codes that are not valid for AES are available [here](#).

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## 19. Weekly Highlights of the Daily Bugle Top Stories

(Source: Editor)

Review last week's top Ex/Im stories in "Weekly Highlights of Daily Bugle Top Stories" posted [here](#).

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### EDITORIAL POLICY

\* The Ex/Im Daily Update is a publication of FCC Advisory B.V., compiled by: Editor, James E. Bartlett III; Assistant Editors, Alexander P. Bosch and Vincent J.A. Goossen; and Events & Jobs Editor, Alex Witt. The Ex/Im Daily Update is emailed every business day to approximately 6,500 readers of changes to defense and high-tech trade laws and regulations. We check the following sources daily: Federal Register, Congressional Record, Commerce/AES, Commerce/BIS, DHS/CBP, DOE/NRC, DOJ/ATF, DoD/DSS, DoD/DTSA, FAR/DFARS, State/DDTC, Treasury/OFAC, White House, and similar websites of Australia, Canada, U.K., and other countries and international organizations. Due to space limitations, we do not post Arms Sales notifications, Denied Party listings, or Customs AD/CVD items.

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Sent by [jebartlett@fullcirclecompliance.eu](mailto:jebartlett@fullcirclecompliance.eu)



**From:** Jim Bartlett, Full Circle Compliance [jebartlett@fullcirclecompliance.eu]  
**Sent:** 2/19/2019 7:46:41 PM  
**To:** Abraham, Liz (Federal) [LAbraham@doc.gov]  
**Subject:** 19-0219 Tuesday "Daily Bugle"



# THE DAILY BUGLE

Tuesday, 19 February 2019

The Daily Bugle is a free daily newsletter from Full Circle Compliance, containing changes to export/import regulations (ATF, DOE/NRC, Customs, NISPOM, EAR, FACR/OFAC, FAR/DFARS, FTR/AES, HTSUS, and ITAR), plus news and events. [Subscribe here](#) for free subscription. [Contact us](#) for advertising inquiries and rates. *[The Daily Bugle was not published yesterday, a U.S. Federal Holiday.]*

## ITEMS FROM FEDERAL REGISTER

1. [Commerce/BIS Welcomes Industry Feedback Concerning Chemical Weapons Convention Declaration and Report Handbook and Forms](#)
2. [ITC Publishes Update Concerning Public Hearing on Trade-Related Barriers Affecting Exports of U.S. Small- and Medium-Sized Enterprises to UK](#)
3. [ITC Changes Date for Transmittal of Report Concerning U.S.-Japan Trade Agreement](#)
4. [ITC Changes Date for Transmittal of Report Concerning U.S.-Mexico-Canada Agreement](#)

## OTHER GOVERNMENT SOURCES

5. [Items Scheduled for Publication in Future Federal Register Editions](#)
6. [Commerce/BIS: \(No new postings.\)](#)
7. [CRS Publishes Report on 2018 Legal Developments Related to 3D-Printed Guns](#)
8. [State/DDTC: \(No new postings.\)](#)
9. [EU Amends Restrictive Measures Concerning Zimbabwe, Afghanistan, ISIL, and Al-Qaeda](#)
10. [European Commission Intensifies "No-Deal" Customs Preparedness Outreach to EU Businesses](#)
11. [UK TID Publishes 3 New OGELs Pursuant to Export Control \(Order\) 2018 Update Concerning Software Entries](#)
12. [UK HMRC Launches Tool to Help Businesses Prepare for the UK Leaving the EU](#)

## **NEWS**

13. [Defense News: "Merkel: Europe's Defense Posture Hinges on Common Arms-Export Policy"](#)
14. [Financial Review: "Foreign Investment Review Board Flags More China Takeover Crackdowns"](#)
15. [Reuters: "Breaking Views - UK Throws Drowning Huawei a European Lifeline"](#)
16. [Reuters: "Commerzbank Spends 600 Million Euros on Compliance, Driven by U.S. Monitor - Q4 Results"](#)
17. [ST&R Trade Report: "Auto Import Review Results Sent to White House; No Word on Recommendations or Response"](#)
18. [The Times of Israel: "Dutch Company Fined for Exporting Turbine Parts to Iran"](#)

## **COMMENTARY**

19. [J. Killick, J. MacLennan, G. Forwood: "UK, France, Germany Create INSTEX SPV to Support Trade with Iran"](#)
20. [J. Alison Lee, A. Smith, P. Doris: "2018 Year-End Sanctions Update: Major U.S. Program Developments \(Part I of IV\)"](#)
21. [T. Murphy: "Section 301 Update -- A List 3 Exclusion Process Coming Soon"](#)
22. [NSSF Releases Newsletter Covering U.S. Export Control Developments](#)

## **EX/IM MOVERS & SHAKERS**

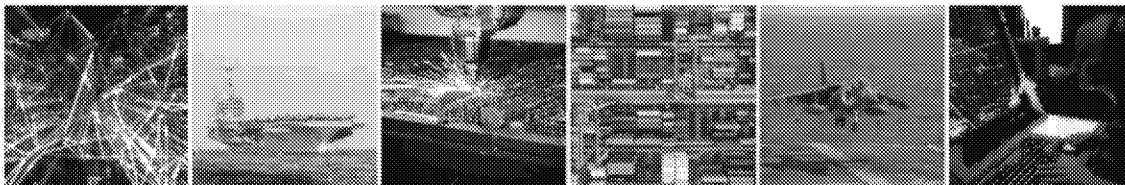
23. [Monday List of Ex/Im Job Openings: 155 Openings Posted This Week, Including 21 New Openings](#)

## **EX/IM TRAINING EVENTS & CONFERENCES**

24. ["18th Annual 'Partnering for ComplianceTM' Export/Import Control Conference" on 5-7 Mar; and "Customs/ Import Boot Camp" on 8 Mar in Orlando](#)
25. [ECS Presents "Managing ITAR/EAR Complexities" on 26-27 Mar in Scottsdale, AZ](#)
26. [FCC Presents U.S. Export Controls Awareness Course: "ITAR & EAR from a non-U.S. Perspective", 9 April in Bruchem, the Netherlands](#)

## **EDITOR'S NOTES**

27. [Bartlett's Unfamiliar Quotations](#)
28. [Are Your Copies of Regulations Up to Date? Latest Amendments: DHS/Customs \(14 Jan 2019\), DOC/EAR \(20 Dec 2018\), DOC/FTR \(24 Apr 2018\), DOD/NISPOM \(18 May 2016\), DOE/AFAEC \(23 Feb 2015\), DOE/EINEM \(20 Nov 2018\), DOJ/ATF \(26 Dec 2018\), DOS/ITAR \(4 Oct 2018\), DOT/FACR/OFAC \(15 Nov 2018\), HTSUS \(12 Feb 2019\)](#)
29. [Weekly Highlights of the Daily Bugle Top Stories](#)



## U.S. Export Controls: ITAR & EAR from a non-U.S. Perspective

Tuesday, 9 April 2019  
Bruchem, The Netherlands

Register Now and get an Early-Bird Discount!

### ITEMS FROM TODAY'S FEDERAL REGISTER

#### 1. Commerce/BIS Welcomes Industry Feedback Concerning Chemical Weapons Convention Declaration and Report Handbook and Forms

(Source: [Federal Register](#), 19 Feb 2019.) [Excerpts.]

84 FR 4768: Proposed Information Collection; Comment Request; Chemical Weapons Convention Declaration and Report Handbook and Forms

\* AGENCY: Bureau of Industry and Security, Department of Commerce.

\* ACTION: Notice.

\* SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

\* DATES: To ensure consideration, written comments must be submitted on or before April 22, 2019.

\* ADDRESSES: Direct all written comments to Jennifer Jessup, Departmental Paperwork Clearance Officer, Department of Commerce, 1401 Constitution Avenue NW, Room 6616, Washington, DC 20230 (or via the internet at [docpra@doc.gov](mailto:docpra@doc.gov).)

\* FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument and instructions should be directed to Mark Crace, BIS ICB Liaison, (202) 482-8093 or at [mark.crace@bis.doc.gov](mailto:mark.crace@bis.doc.gov).

\* SUPPLEMENTARY INFORMATION: ... The Chemical Weapons Convention Implementation Act of 1998 and Commerce Chemical Weapons Convention Regulations (CWCR) specify the rights, responsibilities and obligations for

submission of declarations and reports and inspections of certain chemical facilities. This information is required for the United States to comply with the Chemical Weapons Convention (CWC), an international arms control treaty. ...

- OMB Control Number: 0694-0091.
- Form Number(s): Form 1-1, Form 1-2, Form 1-2A, Form 1-2B.
- Type of Review: Regular submission.
- Affected Public: Business or other for-profit organizations. ...

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Sheleen Dumas, Departmental Lead PRA Officer, Office of the Chief Information Officer, Commerce Department.

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\* \* \* \* \*

## 2. ITC Publishes Update Concerning Public Hearing on Trade-Related Barriers Affecting Exports of U.S. Small- and Medium-Sized Enterprises to UK

(Source: [Federal Register](#), 19 Feb 2019.) [Excerpts.]

84 FR 4854: U.S. SME Exports: Trade-Related Barriers Affecting Exports of U.S. Small- and Medium-Sized Enterprises to the United Kingdom

- \* AGENCY: United States International Trade Commission (ITC).
- \* ACTION: Notice, change in dates.
- \* SUMMARY: Due to the lapse of appropriation between December 22, 2018 and January 25, 2019, the Commission has changed certain dates announced in its notice of investigation and hearing for these investigations:
  - (i) It has extended the deadline for filing requests to appear at the public hearing from February 8, 2019 to March 28, 2019;
  - (ii) it has extended the deadline for filing prehearing briefs and statements from February 13, 2019 to April 1, 2019;
  - (iii) it has rescheduled the public hearing from February 26, 2019 to April 11, 2019;

- (iv) it has extended the deadline for filing post-hearing briefs from March 8, 2019 to April 18, 2019;
  - (v) it has extended the deadline for filing all other written submissions from March 15, 2019 to April 30, 2019; and
  - (vi) it will transmit its report to the USTR by September 4, 2019 instead of by July 31, 2019.
- \* DATES: February 11, 2019.
  - \* FOR FURTHER INFORMATION CONTACT: ...
  - \* SUPPLEMENTARY INFORMATION: ...

By order of the Commission.

Issued: February 12, 2019.

Lisa Barton, Secretary to the Commission.

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\* \* \* \* \*

### 3. ITC Changes Date for Transmittal of Report Concerning U.S.-Japan Trade Agreement

(Source: Federal Register, 19 Feb 2019.) [Excerpts.]

84 FR 4855-4856: U.S.-Japan Trade Agreement: Advice on the Probable Economic Effect of Providing Duty-Free Treatment for Currently Dutiable Imports

- \* AGENCY: United States International Trade Commission (ITC).
- \* ACTION: Change in date for transmittal of Commission report to the United States Trade Representative (USTR).
- \* SUMMARY: The Commission has changed the date for transmittal of its report to the USTR in these investigations from January 24, 2018 to February 28, 2019 due to the lapse of appropriation between December 22, 2018 and January 25, 2019.
- \* DATES: February 11, 2019.
- \* FOR FURTHER INFORMATION CONTACT: ....
- \* SUPPLEMENTARY INFORMATION: The Commission published notice of institution of the above referenced investigations in the Federal Register on November 9, 2018 (83 FR 56100, November 9, 2018). In that notice the Commission stated that it would transmit its report to the USTR by January 24, 2019. However, due to the lapse in appropriation (December 22, 2018 to January 25, 2019), the Commission will transmit its report to the USTR by February 28, 2019. All other dates pertaining to these investigations remain the same as in the notice published in the Federal Register on November 9, 2018.

By order of the Commission.

Issued: February 12, 2019.

Lisa Barton, Secretary to the Commission.

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#### 4. ITC Changes Date for Transmittal of Report Concerning U.S.-Mexico-Canada Agreement

(Source: [Federal Register](#), 19 Feb 2019.) [Excerpts.]

84 FR 853-4854: United States-Mexico-Canada Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors

\* AGENCY: United States International Trade Commission (ITC).

\* ACTION: Change in date for transmittal of Commission report to the President and Congress.

\* SUMMARY: The Commission has changed the date for transmittal of its report to the President and Congress from no later than 105 days after the President entered into the agreement, to no later than 105 days plus an additional 35 days due to the lapse of appropriation between December 22, 2018 and January 25, 2019.

\* DATES: February 11, 2019.

\* FOR FURTHER INFORMATION CONTACT: ...

\* SUPPLEMENTARY INFORMATION: The Commission published notice of institution of the above referenced investigation in the Federal Register on October 16, 2018 (83 FR 52232, October 16, 2018). In that notice the Commission stated that it would transmit its report to the President and Congress no later than 105 days after the President enters into the agreement. However, due to the lapse in appropriation (December 22, 2018 to January 25, 2019), the Commission will transmit its report to the President and Congress no later than 105 days after the President entered into the agreement plus an additional 35 days. All other dates pertaining to this investigation remain the same as in the notice published in the Federal Register on October 16, 2018.

By order of the Commission.

Issued: February 12, 2019.

Lisa Barton, Secretary to the Commission.

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#### OTHER GOVERNMENT SOURCES

#### 5. Items Scheduled for Publication in Future Federal Register Editions

(Source: [Federal Register](#))

\* Commerce/BIS; NOTICES; Meetings: Materials Processing Equipment  
Technical Advisory Committee [Pub. Date: 20 Feb 2019.]

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6. Commerce/BIS: (No new postings.)  
(Source: [Commerce/BIS](#))

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7.  
CRS Publishes Report on 2018 Legal Developments Related  
to 3D-Printed Guns  
(Source: [CRS](#), 11 Sep 2018.)

The Congressional Research Service (CRS) report is available in PDF [here](#).

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8. State/DDTC: (No new postings.)  
(Source: [State/DDTC](#))

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9. EU Amends Restrictive Measures Concerning Zimbabwe,  
Afghanistan, ISIL, and Al-Qaeda  
(Source: [Official Journal of the European Union](#), 18 and 19 Feb 2019.)

#### *Regulations*

\* [Council Implementing Regulation \(EU\) 2019/270](#) of 18 February 2019  
implementing Regulation (EU) 2016/1686 imposing additional restrictive  
measures directed against ISIL (Da'esh) and Al-Qaeda and natural and legal  
persons, entities or bodies associated with them

\* [Council Regulation \(EU\) 2019/278](#) of 18 February 2019 amending Council  
Regulation (EC) No 314/2004 concerning certain restrictive measures in  
respect of Zimbabwe

\* [Council Implementing Regulation \(EU\) 2019/279](#) of 18 February 2019  
implementing Article 11(4) of Regulation (EU) No 753/2011 concerning  
restrictive measures directed against certain individuals, groups,  
undertakings and entities in view of the situation in Afghanistan

\* [Commission Implementing Regulation \(EU\) 2019/283](#) of 18 February 2019  
amending Council Regulation (EC) No 314/2004 concerning certain  
restrictive measures in respect of Zimbabwe

#### *Decisions*

\* Council Decision (CFSP) 2019/284 of 18 February 2019 amending Decision 2011/101/CFSP concerning restrictive measures against Zimbabwe

\* Council Implementing Decision (CFSP) 2019/285 of 18 February 2019 implementing Decision 2011/486/CFSP concerning restrictive measures directed against certain individuals, groups, undertakings and entities in view of the situation in Afghanistan

\* Council Decision (CFSP) 2019/271 of 18 February 2019 amending Decision (CFSP) 2016/1693 concerning restrictive measures against ISIL (Da'esh) and Al-Qaeda and persons, groups, undertakings and entities associated with them

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## 10. European Commission Intensifies "No-Deal" Customs Preparedness Outreach to EU Businesses

(Source: Commission of the European Union, 18 Feb 2019.) [Excerpts.]

The European Commission has today stepped up its "no-deal" outreach to EU businesses in the area of customs and indirect taxation such as VAT, given the risk that the United Kingdom may leave the EU on 30 March this year without a deal (a "no-deal" scenario).

The outreach campaign launched today is part of the Commission's ongoing efforts to prepare for the UK's exit of the European Union without a deal, in line with the European Council (Article 50) conclusions of December 2018, calling for intensified preparedness work for all scenarios. This campaign should help to inform businesses that want to continue trading with the UK after 30 March on what they need to do to ensure as smooth a transition as possible. Preparing for the UK becoming a non-EU country is of paramount importance if significant disruption for EU business is to be avoided.

Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, said:

With the risk of a no-deal Brexit increasing as we get closer to March 29, the European Commission and national customs authorities are working hard to be ready to introduce checks and controls on goods flowing between the EU and the UK. This is key to protecting our consumers and our internal market. A lot depends on the ability of businesses trading with the UK to get up to speed with the customs rules that will apply on day one in case of no deal. There is no time to lose and we are here to help with the information campaign.

Today's launch aims to raise awareness amongst the EU's business community, especially SMEs. In order to prepare for a "no-deal" scenario and to continue trading with the UK, these businesses should:

- **Assess** whether they have the necessary technical and human capacity to deal with customs procedures and rules, e.g. on 'preferential rules of origin'.



- **Consider** obtaining various customs authorisations and registrations in order to facilitate their trading activity if the UK is part of their supply chain.
- **Get in touch** with their national customs authority to see what other steps can be taken to prepare.

A range of material has today been made available to businesses, including a simple 5-step checklist, providing an overview of the steps that need to be taken. The campaign material is available in all EU languages.

While the overall impact of a "no-deal" scenario cannot be mitigated, today's campaign should complement national efforts to inform EU businesses and help to reach out to affected businesses in the EU27 Member States.

Preparatory work, supported by the Commission, is also underway in Member States to ensure that national customs infrastructure and logistics are ready to deal with a no-deal scenario.

## **Background**

The ratification of the Withdrawal Agreement continues to be the objective and priority of the Commission. This ratification however remains uncertain. Given the risk of a 'no-deal' scenario, the Commission has been engaged in intensive preparedness work since December 2017. It has consistently called on European citizens, businesses and Member States to prepare for all possible scenarios, assess relevant risks and plan their response to mitigate them.

As emphasized in the Commission's first Brexit preparedness Communication of 19 July 2018, irrespective of the scenario envisaged, the United Kingdom's choice to leave the European Union will cause significant disruption. Stakeholders, as well as national and EU authorities need to prepare for two possible main scenarios:

- If the Withdrawal Agreement is ratified before 30 March 2019, EU law will cease to apply to and in the UK on 1 January 2021, i.e. after a transition period of 21 months. The Withdrawal Agreement includes the possibility for a single extension of the transition period for up to one or two years.
- If the Withdrawal Agreement is not ratified before 30 March 2019, there will be no transition period and EU law will cease to apply to and in the UK as of 30 March 2019. This is referred to as the "no deal" or "cliff-edge" scenario.

Following calls by the European Council (Article 50) in November and December 2018 to intensify preparedness work at all levels, the Commission adopted on 19 December 2018 a Contingency Action Plan and several legislative measures, including in the area of customs. This follows previous Communications published in November and July 2018.

In such a 'no-deal' scenario, goods coming from or going to the UK will be treated as imports from and exports to a 'third country'. This means that

customs formalities and controls will apply at import and export. Customs duties, VAT and excise duties will be levied at importation, while exports to the UK will be exempt from VAT.

The Commission has published a series of notices, available in all EU languages, which aim to better inform stakeholders and travelers about the consequences that a 'no-deal' scenario could have for their business when it comes to customs procedures, indirect taxation, such as VAT and excise duties, preferential rules of origin and import / export licenses.

Member States' action is also essential. National authorities have a key role in monitoring and guiding industry preparations. On that basis, the Commission has held technical discussions with the EU27 Member States both on general issues of preparedness and on sectorial, legal and administrative preparedness steps. A series of visits to the 27 EU Member States has also begun to make sure national contingency planning is on track and to provide any necessary clarifications on the preparedness process.

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## 11. UK TID Publishes 3 New OGELs Pursuant to Export Control (Order) 2018 Update Concerning Software Entries (Source: UK TID, 18 Feb 2019.)

The Department for International Trade (DIT) has updated and amended three open general export licenses (OGELs) with the addition of entry ML21.b.4.

The updated OGELs are:

- Open general export license (military goods, software and technology)
- Open general export license (software and source code for military goods)
- Open general export license (military goods, software and technology: government or NATO end use)

The changes reflect a review of the software entries in Schedule 2 of the Export control (Order) 2008. ML21.b.4 refers to software that is both specially designed for military use and specially designed for:

- command, communications, control and intelligence (C3I) applications
- command, communications, control, computer and intelligence (C4I) applications

The revised licenses [came] into force on **18 February 2019**.

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## 12. UK HMRC Launches Tool to Help Businesses Prepare for the UK Leaving the EU

(Source: [Gov.UK](#), 15 Feb 2019.)

Her Majesty's Revenue and Customs (HMRC) has released a tool to help UK businesses find out

- what they may need to do to prepare for the UK leaving the EU
- what's changing in their industry
- information on specific rules and regulations

Businesses need to answer 7 simple questions to get guidance relevant to their business. To start, click [here](#).

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## NEWS

### 13. Defense News: "Merkel: Europe's Defense Posture Hinges on Common Arms-Export Policy"

(Source: [Defense News](#), 16 Feb 2019.)

German Chancellor Angela Merkel connected the fortunes of Europe's defense ambitions to the push for a common policy on arms exports.

Speaking at the Munich Security Summit here on Feb. 16, she argued a joint position on weapons sales is a prerequisite for the idea of a "European army" and the cooperative development of weapons to equip such a force.

"If we don't have a common culture of arms exports in Europe, then the development of joint weapon systems is in jeopardy," Merkel said.

The problem of diverging tacks on weapons sales is on display in a Franco-German project to build a next-generation warplane, known as the Future Combat Air System. French companies, used to being courted by their government as a formidable economic engine, bristle at the idea of Germany vetoing a transfer of the aircraft to countries that Berlin deems problematic.

Merkel's comments in Munich further elevate a thorny policy difference between Germany and France to a priority item in her administration's defense agenda for Europe. The recently signed Treaty of Aachen also made mention of the issue, with both countries vowing to find a "common approach" to exports of cooperative weaponry.

Transferring weapons to countries with spotty human-rights records is a hotly contested issue in Germany. "We have a lot of complicated discussions ahead of us," Merkel predicted.

The chancellor's comments come as a report in Der Spiegel on Friday said the two countries already had struck a secret deal in mid-January in which Germany would largely grant France free reign in exports to non-NATO countries. Government officials declined to comment on the pact.

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#### 14. Financial Review: "Foreign Investment Review Board Flags More China Takeover Crackdowns"

(Source: [Financial Review](#), 19 Feb 2019.) [Excerpts.]

[UK] Foreign Investment Review Board chairman David Irvine has signaled the takeover regulator could follow the U.S. by adopting tougher national security rules to stop sensitive assets ending up in offshore hands, such as potential Chinese acquisitions of emerging technologies.

Paradoxically, FIRB is also looking to "streamline" the government's foreign investment review process to better facilitate approving offshore buyers acquiring domestic assets, Mr. Irvine noted in FIRB's annual report. It is understood the federal government has been in discussions with foreigners, including from China, about how to achieve this for complex merger deals.

But FIRB's annual report revealed Mr. Irvine and his colleagues have been closely examining crackdowns by the U.S. and the UK against foreign acquisitions of sensitive assets, such as dual-purpose technology. These emerging technologies could be used by defense forces. ...

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#### 15. Reuters: "Breaking Views - UK Throws Drowning Huawei a European Lifeline"

(Source: [Reuters](#), 18 Feb 2019.)

Britain has thrown Huawei a European lifeline. The UK's National Cyber Security Centre has decided it can manage the risks from using the Chinese giant's kit to build next-generation 5G wireless networks, the Financial Times says. That would make London the first major power to challenge Washington's campaign against the telecoms equipment-to-smartphone maker. It may not be the last.

The intelligence body's conclusion, reported late on Sunday, underscores the complexity of ties between Huawei and its heterogenous mix of European markets. More than half of the Chinese group's 22 commercial contracts for 5G are in Europe, Reuters reported in December. Since 2010, Britain has

reviewed potential security hazards using a special facility owned by the Chinese firm but overseen by government and intelligence officials. That has enabled the Shenzhen-based company to emerge as a major supplier for domestic carriers including BT Group and Vodafone. Huawei says it has spent 1.3 billion pounds (\$1.65 billion) on investment and procurement in the UK alone over the last five years.

The U.S. offensive against Huawei, though, has tested that approach. Washington argues it presents a cyber espionage danger; earlier this year, the Justice Department indicted the company and its Chief Financial Officer Meng Wanzhou on charges related to alleged violations of U.S. sanctions and theft of trade secrets. Australia and New Zealand have already effectively excluded Chinese kit from their 5G networks. U.S. Secretary of State Mike Pompeo, meanwhile, has explicitly warned American allies in central Europe against using Huawei gear.

Implementing a ban across Europe, though, will be difficult. For one, most of the region's carriers already use Huawei for an estimated 40 percent of existing 4G equipment. Upgrading those networks with new gear from rivals like Nokia or Ericsson would mean more operational challenges, and cost. And as UK officials have pointed out, no evidence of spying has actually been found, making it difficult to justify a blanket ban. London receives U.S. intelligence under the auspices of the Five Eyes anglophone network. It has nonetheless offered governments in Germany and France a template on how to manage the Huawei risk. If others follow, the telecom behemoth's European ambitions can be kept afloat.

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## 16. Reuters: "Commerzbank Spends 600 Million Euros on Compliance, Driven by U.S. Monitor - Q4 Results" (Source: [Reuters](#), 19 Feb 2019.) [Excerpts.]

Commerzbank's compliance function, helped by the demands of a U.S. monitor, has come at a cost of 600 million euros since 2015 and reduction in both products and customer reach, the bank said. This includes an international anti-money laundering and sanctions compliance program, it said in its Q4 results today.

"We have established a sound and robust compliance framework and made significant investment in terms of both money and [full time employees]," said Stephen Engels, chief financial officer, Commerzbank, noting that headcount in compliance had now risen to more than 700 staff in 50 countries.

The framework includes a AML and sanctions compliance program, monitoring and sanctions screening, the definition and roll-out of international know-your-customer processes, he said.

"Of great assistance in this process has been our U.S. monitor, being very demanding but also supportive and instrumental in implementing a state-of-the-art compliance function that also follows strict U.S. regulatory requirements," Engels said.

"With investment of roughly 600 million euros and a reduction of both products and customer reach this framework has come at a cost. We strongly believe that this is a price worth paying and is money well spent. It increases the bank's defenses and has further enhanced our reputation for integrity among all of our staff," Engels said.

The next steps are continuous improvements, further automation, and use of big data, he said.

In discussions with clients, Commerzbank has noted that a strong compliance function is a crucial factor for many corporate clients, said Martin Zielke, chairman.

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## 17. ST&R Trade Report: "Auto Import Review Results Sent to White House; No Word on Recommendations or Response"

(Source: [Sandler, Travis & Rosenberg Trade Report](#), 19 Feb 2019.)

The results of the Department of Commerce (DOC) its section 232 investigation into the effect of automobile and auto parts imports on U.S. national security were submitted to President Trump Feb. 17. However, neither those result nor the DOC's recommendations have yet been made public. The president now has up to 90 days to decide whether to take action in this case.

In May 2018 the DOC [self-initiated](#) an investigation under section 232 of the Trade Expansion Act of 1962 to determine whether foreign-made automobiles (including SUVs, vans, and light trucks) and auto parts are being imported in such quantities or under such circumstances as to threaten or impair U.S. national security. If the DOC's determination is affirmative, and the president concurs, he has the authority to adjust imports, including through the use of tariffs and quotas. Any import adjustments, or any other non-trade-related actions the president may elect to take, would be imposed within 15 days of the president's determination to act.

Trump has threatened tariffs of up to 25 percent but has been opposed by automakers and others. The European Union appears safe from any potential measures after Trump committed last summer to leave the EU out as long as bilateral trade talks are making progress. However, the EU has reportedly prepared nearly \$23 billion in retaliatory sanctions if restrictions are imposed. In addition, side letters to the U.S.-Mexico-Canada Agreement

exempt 2.6 million vehicles from each of those partner countries from any potential Section 232 measures.

In January two senators re-introduced legislation that would delay the imposition of Section 232 tariffs on imported autos and auto parts until the International Trade Commission conducts a study of how such tariffs would affect the U.S. auto industry.

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## 18. The Times of Israel: "Dutch Company Fined for Exporting Turbine Parts to Iran"

(Source: [The Times of Israel](#), 18 Feb 2019.)

*Firm set up shell construction companies aimed at avoiding export license requirements*

A Dutch court on Monday fined a company and sentenced three men to community service for illegally exporting to Iran gas turbine parts that could be used in the manufacture of weapons.

The court in the southern province of Limburg, convicted Euroturbine BV of setting up shell construction companies aimed at circumventing Dutch export license requirements that were tightened in 2009. The Dutch company was fined 500,000 euros (\$565,383) and a Bahrain-based subsidiary 350,000 euros (\$395,800).

The court said the shell companies were set up "so that gas turbine parts could still be sold to clients in Iran." It did not publicly identify the clients.

For their roles in the export scam, the company's director, an indirect shareholder, and an employee, none of whom was named. were sentenced to perform unpaid community service.

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## COMMENTARY

## 19. J. Killick, J. MacLennan, G. Forwood: "UK, France, Germany Create INSTEX SPV to Support Trade with Iran"

(Source: [White&Case](#), 13 Feb 2019.)

\* Authors: James Killick, Esq., [jkillick@whitecase.com](mailto:jkillick@whitecase.com), Jacquelyn MacLennan, Esq., [jmaclennan@whitecase.com](mailto:jmaclennan@whitecase.com), and Geneva Forwood, Esq., [genevra.forwood@whitecase.com](mailto:genevra.forwood@whitecase.com). All of White&Case.

On 31 January 2019, France, Germany and the United Kingdom (the "E3") announced the registration in France of INSTEX SAS ("Instrument for Supporting Trade Exchanges"), which is a special purpose vehicle aimed at facilitating legitimate trade between European economic operators and Iran. [FN/1] One of the EU's responses to the US decision in May 2018 to withdraw from the Joint Comprehensive Plan of Action ("JCPOA") and re-impose related sanctions against Iran [FN/2] was the creation of a new mechanism to facilitate legitimate trade for European companies wishing to do business with Iran. Together with the update of the EU's Blocking Regulation, [FN/3] the aim is to ensure that European companies give effect to the JCPOA, despite the US withdrawal.

The creation of the special purpose vehicle, intended to assist and provide reassurance to European businesses wishing to continue trading with Iran, was first announced in September 2018.

The creation of INSTEX by three Member States is supported by the EU, which stated that it will continue to accompany the work of three Member States to make this vehicle operational as soon as possible in close coordination with the Iranian counterparts, and also support their commitment to expand INSTEX to other European countries and open it, in due course, to economic operators from third countries. [FN/4] On 4 February 2019, the EU Council adopted conclusions that reaffirmed the EU's support for the JCPOA, along with the aim to ensure that the SPV will provide a positive impact on the EU's trade and economic relations with Iran. [FN/5]

That said, the future operation of INSTEX is subject to certain conditions. The E3 announcement states that Iran will need to continue to fully implement its nuclear-related commitments under the JCPOA, including full and timely cooperation with the International Atomic Energy Agency ("IAEA"). It also states the E3's expectation that Iran swiftly implement all elements of its Financial Action Task Force ("FATF") action plan, in view of the fact that INSTEX will need to operate under the "highest international standards" in relation to anti-money laundering, combating terrorism financing (AML/CFT) and EU and UN sanctions compliance.

### **Next Steps**

It remains to be seen how INSTEX will work in practice, and when it will become operational. The E3 acknowledge that "concrete and operational details" for INSTEX still need to be defined. The E3 and INSTEX will now focus on developing the legal and technical aspects of how it will operate. The E3 will also work with Iran to ensure that a corresponding Iranian entity is created in order to operationalize INSTEX.

Once operational, the initial focus of the SPV will be to facilitate trade in the agri-foods, pharmaceutical and medical devices sectors. This should greatly mitigate the risk under US sanctions, given that certain sales of food, agricultural commodities, medicine and medical devices, along with



associated payments, are allowed under humanitarian authorizations and exceptions to US sanctions provided that certain conditions are met. The United States has yet to issue an official response to the E3's announcement of INSTEX.

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[FN/1] See [Joint Statement by E3](#).

[FN/2] See our Client Alert of 13 November 2018 on the United States' decision to re-impose Iran sanctions [here](#).

[FN/3] See our Client Alert of 9 August 2018 [here](#).

[FN/4] See Statement by High Representative/Vice-President Federica Mogherini, 31 January 2019, [here](#).

[FN/5] See [Iran: Council adopts conclusions](#).

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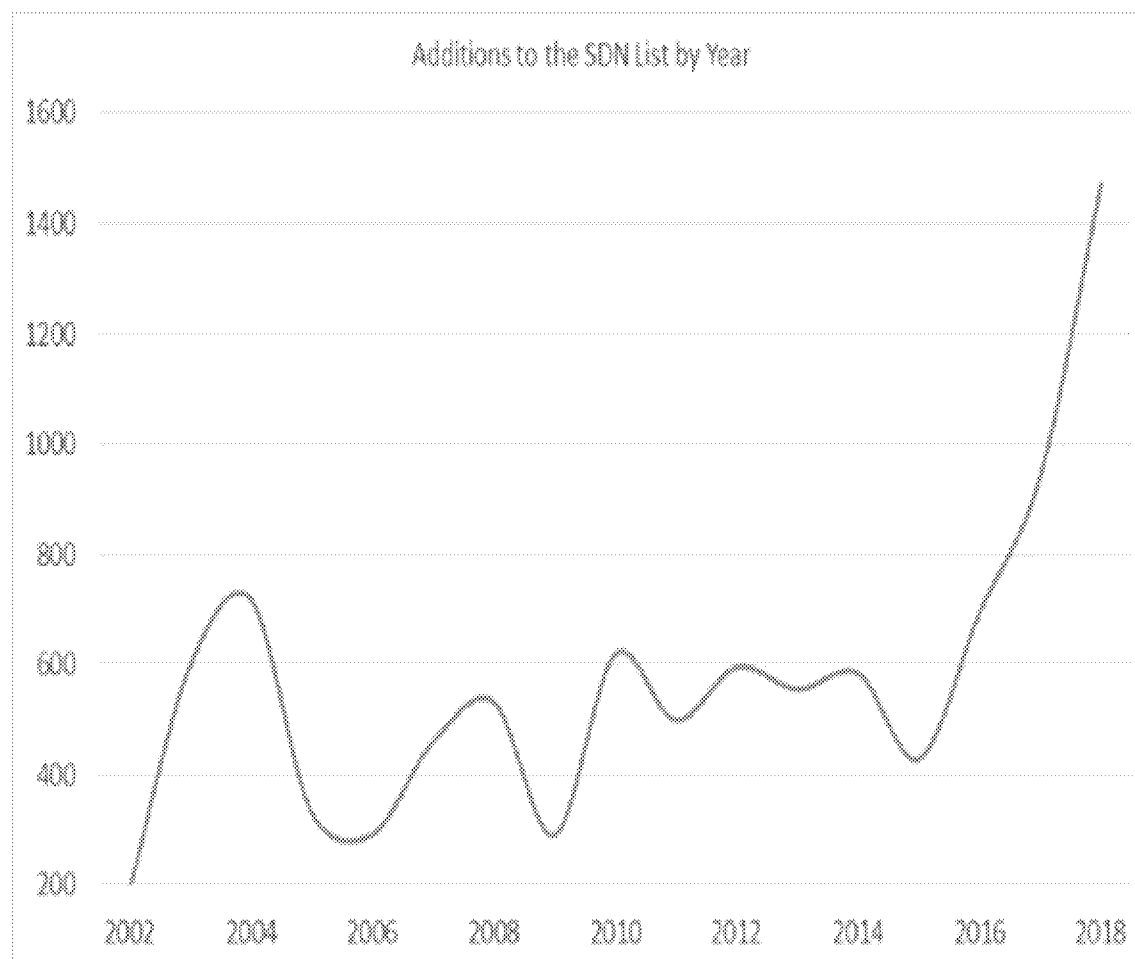
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20.

J. Alison Lee, A. Smith, P. Doris: "2018 Year-End Sanctions Update: Major U.S. Program Developments (Part I of IV)" (Source: [Gibson Dunn](#)), 11 Feb 2019.)

\* Authors: Judith Alison Lee, Co-Chair, International Trade Practice, [jalee@gibsondunn.com](mailto:jalee@gibsondunn.com); Adam Smith, Esq., [asmith@gibsondunn.com](mailto:asmith@gibsondunn.com); and Patrick Doris, Esq., [pdoris@gibsondunn.com](mailto:pdoris@gibsondunn.com). All of Gibson Dunn.

2018 was another extraordinary year in sanctions development and enforcement. This past year may take its place in history as the point at which the United States abandoned the Iran nuclear deal-the Joint Comprehensive Plan of Action (the "JCPOA")-and re-imposed nuclear sanctions on Iran. Defying the expectations of many observers, the Trump administration went further than anticipated and re-imposed all nuclear-related sanctions on Iran, culminating in the November 5, 2018 addition of over 700 individuals, entities, aircraft, and vessels to the Specially Designated Nationals and Blocked Persons ("SDN") List-the largest single set of sanctions designations to date. This action increased the SDN List by more than 10 percent and brought the total number of persons designated in 2018 to approximately 1,500-50 percent more than has ever been added to the SDN List in any single year.



*Source: Graph Compiled from Data Released by the Office of Foreign Assets Control*

In any prior year, the U.S. decision to abandon the JCPOA would have dominated the pages of our client alerts. But 2018 was no ordinary year, and OFAC continued to enhance the impact of U.S. sanctions against Russia while rumors of election interference filled the airwaves. On April 6, 2018, the Trump Administration announced a bold set of new designations, including nearly 40 Russian oligarchs, officials, and related entities, including major publicly traded companies. After the companies took significant steps to disentangle from Russian oligarch Oleg Deripaska, OFAC delisted **EN+**, **Rusal**, and **JSC EuroSibEnergo ("ESE")** on December 19, 2018.

But that's not all. Political and economic conditions in Venezuela continued to deteriorate, and in May Venezuelan President Nicolás Maduro was elected to a new six-year term in an election that the United States government has described as a "sham" and "neither free nor fair." Venezuela's economy—which remains heavily dependent on the state-owned oil company, **Petroleos de Venezuela, S.A. ("PdVSA")**—continued its sharp decline amid a collapse in oil production. Against that grim backdrop, the United States continued to gradually expand sanctions targeting members of President Maduro's inner circle and sources of financing for the Venezuelan state. On January 28, 2019, OFAC formally designated PdVSA.

As with years past, 2018 witnessed the expanding use of sanctions as a foreign policy tool and will provide much fodder for those debating the long-term geopolitical impact of economic sanctions. But our purpose here is more circumspect: a recap of the continuing evolution of sanctions in 2018 and preparation for what may come next.

## **(I) MAJOR U.S. PROGRAM DEVELOPMENTS**

### **(A) *Iran***

We have spilled much ink on the changing contours of the Iran sanctions regime. As we first described in our [May 9 client alert](#), the re-imposition of Iran sanctions was subject to 90- and 180- day "wind-down" periods, expiring on August 6 and November 5, respectively. During these periods, companies were instructed to terminate Iran-related operations that would be targeted by the pending sanctions. OFAC placed the remaining sanctions relief into wind-down on June 27, as we described [here](#), by withdrawing general authorizations that had permitted U.S. persons to negotiate contingent contracts related to commercial passenger aviation; import and deal in Iranian-origin carpets and foodstuffs; and facilitate the engagement of their non-U.S. subsidiaries in transactions involving Iran.

Upon the termination of the first wind-down period on August 6, as we described [here](#), President Trump issued a new executive order authorizing the re-imposition of "secondary" sanctions targeting non-U.S. persons who engage in certain Iran-related transactions involving U.S. dollars, precious metals, the Iranian rial, certain metals, or Iranian sovereign debt. On November 5, as we described [here](#), the remaining secondary sanctions were re-imposed. These included sanctions targeting non-U.S. person participation in transactions with Iran's port operators or its shipping, ship building, and energy sectors; involving petroleum, petroleum products, petrochemicals, the National Iranian Oil Company ("NIOC"), Naftiran Intertrade Company ("NICO"), or the Central Bank of Iran; providing underwriting services, insurance, or reinsurance for sanctionable activities with or involving Iran; or involving Iranian SDNs. The United States also added a record number of individuals and entities to the SDN List, including entities that had previously been granted sanctions relief under the JCPOA, Iranian government or financial entities transferred from the List of Persons Blocked Solely Pursuant to E.O. 13599 (the "E.O. 13599 List"), and 300 first-time designees.

November 5 also marked the end of the wind-down period for General License H, which had authorized non-U.S. entities owned or controlled by U.S. persons to provide goods, services, or financing to Iranian entities under the terms of the JCPOA. The withdrawal of this authorization effectively subjected these non-U.S. entities to the same limitations on engagement with Iran that restrict their U.S. parents.

This broad array of re-imposed restrictions does not, however, entirely prevent U.S. persons or non-U.S. persons from engaging in Iran-related transactions. The Trump administration has provided sanctions waivers to eight countries that have

pledged to significantly reduce their imports of Iranian crude oil, and has also purportedly waived sanctions for dealing with Iran's Chabahar port-which is strategically important to the reconstruction of Afghanistan-and for certain nonproliferation efforts ongoing at several Iranian nuclear sites. Certain exceptions, including for transactions related to the Shah Deniz gas field (which is partly owned by the Government of Iran) and for transactions involving the export of agricultural commodities, food, medicine, or medical devices to Iran, also continue to apply. Additionally, General License D-1-which allows for the export of certain telecommunications goods and services to Iran-remains in force, as does General License J-which permits temporary visits to Iran by U.S.-origin aircraft (thus allowing international carriers to continue flying to Iran). Additionally, U.S. secondary sanctions do not apply to dealings with Iranian banks that are designated solely because of their status as "Iranian financial institutions" pursuant to Executive Order 13599, leaving certain payment channels open for otherwise permissible operations in Iran.

With the full array of pre-JCPOA sanctions re-imposed, we are now awaiting further reaction from the Trump administration, the Iranian leadership and the other signatories to the JCPOA. The Trump administration has stressed that it plans to adopt "the toughest sanctions regime ever imposed on Iran," warning that "[m]ore are coming." To date, OFAC has designated several tranches of individuals, entities, and aircraft linked to Iranian militias operating in Syria, including those announced on January 24, 2019. The Trump administration may also be likely to pursue aggressive enforcement efforts against persons that attempt to violate or circumvent U.S. sanctions, although the brief window between the re-imposition of sanctions and the U.S. government shutdown in late 2018 and early 2019 may have stalled such efforts. Additionally, Iranian entities could begin to react to the new, more restricted business environment, by for example pursuing legal action against their non-U.S. trading partners who have begun to exit Iran-sometimes with outstanding contractual obligations-given the risk of facing sanctions pursuant to the re-imposed secondary sanctions.

In response to the U.S. decision, as we described [here](#), the EU supplemented its existing blocking statute to prohibit compliance by EU entities with the new U.S. sanctions on Iran. In early 2019, Britain, France and Germany established a European special purpose vehicle to facilitate non-U.S. dollar trade with Iran, circumventing many of the risks that EU entities face in complying with U.S. sanctions. The new measure, called the Instrument in Support of Trade Exchanges ("Instex"), will allow trade between the EU and Iran without relying on direct financial transactions. Instex has been registered in France, will be run by a German executive, and will have a supervisory board consisting of diplomats from Britain, France, and Germany.

## **(B) Russia**

### *(1) New Designations*

In addition to a significant expansion of U.S. sanctions on Iran, OFAC also continued to enhance the impact of U.S. sanctions against Russia while tensions between the two superpowers increased and rumors of election interference filled the airwaves. On April 6, 2018, as we analyzed [here](#), the Trump administration

announced a bold set of new designations, targeting nearly 40 Russian oligarchs, officials, and related entities, including major publicly traded companies such as EN+ and Rusal. In announcing the sanctions, Treasury Secretary Steven Mnuchin cited Russia's involvement in "a range of malign activity around the globe," including the continued occupation of Crimea, instigation of violence in Ukraine, support of the Bashar al-Assad regime in Syria, attempts to subvert Western democracies, and malicious cyber activities.

These new sanctions carried broad macroeconomic implications for Russia's business partners, including investors in the designated public companies. To minimize the immediate disruptions, OFAC issued two time-limited general licenses permitting companies and individuals to undertake certain transactions to "wind down" business dealings related to the designated parties. These licenses were extended numerous times throughout the course of the year, as the targeted companies attempted to extricate themselves from relationships with key leaders and investors that had triggered OFAC's scrutiny.

As OFAC Director Andrea Gacki explained in a [letter](#) to Congress, the designation of three companies-EN+, Rusal, and ESE-was not OFAC's primary intention but rather a reflection of their "entanglement" with Russian oligarch Oleg Deripaska. On December 19, 2018, OFAC announced its intention to de-list all three entities (though Deripaska himself remains on the SDN List).

The three companies' actions may serve as a roadmap for other entities seeking to distance themselves from sanctioned persons. EN+ made arrangements for Deripaska to reduce his ownership to less than 45 percent of its shares through transactions that would not involve transfers of funds to Deripaska, to reduce his voting rights in EN+ to no more than 35 percent, and to restructure its board, with eight out of 12 directors selected through a process intended to ensure their independence from Deripaska and half of the new board comprised of U.S. and UK nationals. Rusal and ESE-which are majority-owned by EN+-undertook specific commitments that, combined with the ownership and governance changes at EN+, similarly reduced Deripaska's ownership and control. The three companies also agreed to significant OFAC reporting requirements to ensure transparency with respect to their compliance.

OFAC proceeded with the de-listings on January 27, 2019, which resulted in an immediate blowback from members of the newly elected Congress. Many members on both sides of the aisle clamored for a legislative response that would re-impose sanctions on the Russian entities, as the special counsel investigation lead by Robert Mueller continued to generate headlines. These efforts-much like the numerous pieces of legislation that were proposed in 2018 to ratchet up sanctions pressure on Russia-were ultimately unsuccessful.

## *(2) CAATSA Implementation*

Also in 2018, the Trump administration took steps toward the implementation of sanctions under the Countering America's Adversaries Through Sanctions Act ("CAATSA"), discussed in our [November 21, 2017 alert](#). On September 20, 2018, President Trump issued Executive Order 13849, formally authorizing the Treasury and State Departments to issue sanctions under four sections of

CAATSA: (i) Section 224(a)(2), which relates to materially assisting Russian government efforts to undermine cybersecurity; (ii) Section 231(a), which relates to significant transactions involving persons in or acting on behalf of the Russian defense or intelligence sectors; (iii) Section 232(a), which relates to the provision of goods or services that support the construction of Russian energy export pipelines; and (iv) Section 233(a), which relates to investments in the privatization of Russian state-owned enterprises to the benefit of government officials and their family members.

On the same day, the administration announced 33 additions to the list of individuals associated with the Russian defense and intelligence sectors under Section 231 of CAATSA (the "Section 231 List"), with whom significant transactions are prohibited. At the same time, the administration announced its first two SDN designations based on participation in significant transactions with an entity on the List of Specified Persons: the Chinese entity Equipment Development Department ("EDD") and its director, Li Shangfu. EDD was designated based upon transactions with Russian arms exporter Rosoboronexport involving the purchase of ten Russian Sukhoi fighter jets and a "batch" of surface-to-air missiles.

Over the course of the year, OFAC also designated two dozen individuals and entities associated with Russian intelligence and election interference operations.

### *(3) Chemical and Biological Weapons Act Sanctions*

On August 8, 2018, the United States announced plans to impose additional sanctions on Russia in response to Russia's alleged use of a nerve agent in the United Kingdom. The Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (the "CBW Act") requires, in the event that the President determines that a foreign government has used chemical or biological weapons, two rounds of sanctions.

The first round of sanctions, imposed on August 22, 2018, expanded U.S. export controls to prohibit the export to Russia of items subject to the Export Administration Regulations ("EAR") and controlled for national security reasons. Previously applicable exceptions-such as those covering exports for servicing and repair and for temporary exports-continue to apply. Further export authorizations may also be granted on a case-by-case basis. However, if, for example, no exception or authorization applies and the items are to be exported to a state-owned or -funded enterprise, requests for authorization to export covered items will be denied and their export prohibited.

The second round of sanctions, expected November 6, 2018 but now months overdue, must include at least three of six sanctions set forth in the CBW Act, unless waived by the President for national security reasons. Possible sanctions include restrictions on bank loans to the Russian government, the downgrade or suspension of diplomatic relations, and/or an expansion of export controls to broadly prohibit the export to Russia of all U.S.-origin items, regardless of the reason for their control. Despite its delay and the mandatory obligation, as of this writing it is not clear that the Trump administration will ever impose this second round of restrictions.

### **(C) Venezuela**

The United States sent shockwaves through markets on January 31, 2019, when it designated Venezuela's state-owned oil company, PdVSA, to the SDN List, as we described [here](#). The events of 2018 laid the groundwork for that decision, as the United States gradually increased sanctions pressure on the regime of Venezuelan President Nicolás Maduro, who had been elected to a new six-year term in a May 2018 election that critics described as a "sham" and "neither free nor fair." At the same time, Venezuela's economy—which remains heavily dependent on PdVSA—continued its sharp decline amid a collapse in oil production. New measures imposed by the United States over the course of 2018 included a warning about transacting in Venezuela's new cyber currency, further sanctions on certain debt and equity of the Government of Venezuela, as well as new sanctions targeting both Venezuela's gold sector and corruption in government programs.

In February 2018, President Maduro announced that his government would begin issuing a new "cyber currency" known as the petro, in an effort to circumvent the use of U.S. dollars and the concomitant reach of OFAC regulations. In response, OFAC on March 19, 2018 issued its first official guidance discussing cyber currencies. Though perhaps not broadly applicable to the world's more mainstream cyber currencies, it is noteworthy that OFAC held that its jurisdiction explicitly extended to the use of any new Venezuelan cyber currencies and that U.S. persons could face enforcement if they undertook dealings in the new currency. In a sign of things to come, OFAC also warned that it may add digital currency addresses associated with blocked persons to the SDN List and put the onus on individuals engaging in such transactions to screen potential counterparties and ensure that they are not dealing with banned persons. For a more detailed discussion of OFAC's approach to cyber currencies like the petro, see our client alert, [OFAC Issues Economic Sanctions Guidance on Digital Currencies](#) (Oct. 5, 2018).

To further constrain the Maduro regime's access to capital, the Trump administration in May 2018 expanded sanctions on certain financial instruments issued or sold by the Government of Venezuela. The "Government of Venezuela" is broadly defined to include not only its political subdivisions, agencies, and instrumentalities but also the Central Bank of Venezuela, PdVSA, and any entity that is at least 50 percent owned or controlled by these targeted entities.

The Trump administration first began targeting Venezuelan financial instruments in August 2017 with the issuance of Executive Order 13808, which was modeled in part on sectoral sanctions targeting Russia. Under that executive order, U.S. persons are prohibited from engaging in transactions involving (1) new debt owed by the Government of Venezuela with payment terms greater than 30 or 90 days (depending on the debtor), (2) new equity of the Government of Venezuela, (3) bonds issued by the Government of Venezuela, (4) dividend payments or other distributions of profits to the Government of Venezuela from any entity owned or controlled, directly or indirectly, by the Government of Venezuela, and (5) the purchase of securities from the Government of Venezuela. The scope of those sanctions is then cabined by four general licenses issued by OFAC. Executive Order 13808 is described at length in our client alert, [President](#)

Trump Issues New Sanctions Targeting Certain Activities of PdVSA and the Government of Venezuela (Sept. 1, 2017).

Shortly following President Maduro's re-election, President Trump on May 21, 2018 issued Executive Order 13835, which built on the measures described above by prohibiting U.S. persons from engaging in certain transactions involving debt owed to the Government of Venezuela, as well as certain transactions involving equity of Venezuelan state-owned entities.

The policy rationale behind those measures was twofold. The new restrictions on debt-which apply to transactions that involve either purchasing or pledging as collateral any debt owed to the Government of Venezuela, including accounts receivable-were designed to curtail the government's ability to use accounts receivable financing to support its continued operations. (For example, a U.S. person would likely be prohibited from participating in transactions between a PdVSA customer and a PdVSA creditor where the customer paid its outstanding debt to the creditor, in lieu of payment to PdVSA.) At the same time, the restrictions on equity-which apply to transactions that involve the sale, transfer, assignment, or pledging as collateral by the Government of Venezuela of any equity interest in any entity in which the Government of Venezuela has a 50 percent or greater ownership interest-were calculated to prevent the Maduro regime from selling off valuable state-owned assets in "fire sales," which deprive the Venezuelan people of "assets the country will need to rebuild its economy." Executive Order 13835 and its implications are described at length in our client alert, President Trump Issues Additional Sanctions Further Targeting PdVSA and the Government of Venezuela (May 31, 2018).

In tandem with measures directed at Venezuela's cyber currency and other more traditional financial instruments, the Trump administration also imposed new sanctions targeting Venezuela's gold sector, which represents a vital source of hard currency (the cash-starved economy is home to some of the world's largest known gold deposits). In 2018, Venezuela exported more than 23 tons of gold worth an estimated U.S. \$900 million, giving rise to concerns on the part of U.S. officials that Venezuela's natural resources were being "plundered" to enrich senior regime officials. More broadly, U.S. officials expressed concern that gold originating from Venezuela could find its way into the hands of other regimes the U.S. government views as unsavory, such as Iran, where it could be used to evade U.S. financial sanctions.

In response, the Trump administration on November 1, 2018 issued an executive order which imposed sanctions on persons who operate in the gold sector of the Venezuelan economy, engage in corruption involving Venezuelan government projects and programs, or who facilitate such activities. Additionally, the executive order gave the Treasury Secretary discretion to extend those sanctions to any other sector of the Venezuelan economy he deems appropriate, providing the basis for PdVSA's designation in January 2019.

***(D) Other Programs***

***(1) Sudan***



On June 28, 2018, OFAC announced that it would be removing the Sudanese Sanctions Regulations ("SSR") from the Code of Federal Regulations following the formal revocation of the SSR in October 2017. As we reported in our [2017 Sanctions Year-End Update](#), the Obama administration initiated the revocation process in January 2017. In addition to the removal of the SSR-which historically had included a trade embargo; a prohibition on the export or re-export of U.S. goods, technology and services; a prohibition on transactions relating to Sudan's petroleum or petrochemical industries; and a freeze on the assets of the Sudanese government-OFAC officially incorporated into the Terrorism List Government Sanctions Regulations a general license authorizing certain exports of agricultural commodities, medicines, and medical devices to the Government of Sudan.

Sudan, however, remains subject to sanctions due to its inclusion on the State Sponsors of Terrorism List ("SST"), and sanctions previously imposed relating to the conflict in Darfur remain in place. Similarly, OFAC's separate sanctions program relating to South Sudan remains in effect. Indeed, in June 2018 OFAC entered into a settlement agreement with two subsidiaries of **Telefonaktiebolaget LM Ericsson, Ericsson AB** and **Ericsson, Inc. (collectively, "Ericsson")**, for an apparent violation of the SSR that occurred years earlier, and on December 18, 2018, OFAC sanctioned three individuals and their related entities for providing weapons, vehicles, and soldiers to fuel the conflict in South Sudan.

## *(2) Nicaragua*

The regime of Nicaraguan President Daniel Ortega-which the Trump administration has condemned for its human rights abuses and anti-democratic measures in response to civil protests-has become the subject of a new list-based sanctions program. On November 1, 2018, National Security Advisor John Bolton denounced the governments of Cuba, Venezuela, and Nicaragua, dubbing them the "Troika of Tyranny" and threatening that "we will no longer appease dictators and despots near our shores." Shortly thereafter, on November 27, 2018, President Trump issued Executive Order 13851 and declared a national emergency with respect to "the situation in Nicaragua, including the violent response by the Government of Nicaragua to the protests that began on April 18, 2018, and the Ortega regime's systematic dismantling and undermining of democratic institutions and the rule of law," violence against civilians, and corruption.

The executive order authorizes OFAC to block the property of anyone who, *inter alia*, with respect to Nicaragua: (1) commits human rights abuses; (2) undermines "democratic processes or institutions;" (3) threatens the country's peace, security, or stability; (4) conducts transactions involving deceptive practices or corruption related to the Government of Nicaragua; or (5) has materially assisted in any of the activities described by categories 1 through 4. The sanctions also empower OFAC to designate anyone who is or has been a government official since January 10, 2007. Pursuant to this new program, OFAC has already added to the SDN list Rosario Maria Murillo de Ortega, the Vice President and First Lady, and Nestor Moncada Lau, the National Security Advisor to President Ortega. Prior to the issuance of this new sanctions program, FinCEN, in October 2018, also issued an advisory alerting the financial system to the risks

posed by corruption in Nicaragua, particularly relating to the possibility that members of the Ortega government may try to move proceeds of corruption out of the country because of the threat of unrest and the specter of potential sanctions. The advisory noted that four Nicaraguan officials have already been sanctioned under the Global Magnitsky Human Rights Accountability Act (the "Global Magnitsky Act").

Further targeting the Ortega regime, on December 20, 2018, President Trump signed into law the Nicaragua Human Rights and Anticorruption Act, which had passed in the Senate on November 27, the same date Nicaragua sanctions went into effect. The statute instructs the U.S. executive directors at the World Bank Group and Inter-American Development Bank to oppose any loan for the Nicaraguan government's benefit unless certain steps strengthening democratic institutions have been met. It is still too early to tell what effect this legislation, together with the new sanctions program, will have, but it is clear that companies must now take precautions when considering business opportunities in Nicaragua. The Nicaraguan government is firmly within the sights of the U.S. government.

### *(3) North Korea*

Although 2018 witnessed brief warming of relations between the United States and North Korea—marked by the June 12, 2018 summit between President Trump and Supreme Leader Kim Jong-un—relations between the countries have remained volatile, and OFAC has continued to push forward with its renewed focus on North Korea in connection with the U.S. government's policy of denuclearizing the Korean Peninsula.

In our 2017 Sanctions Year-End Update, we discussed the intensification of the North Korea sanctions program in the face of North Korea's increasing bellicosity. New measures taken in 2017 included the enactment of a new section of CAATSA focusing on North Korea, the re-addition of North Korea to the state sponsors of terrorism list, and the issuance of a new executive order imposing sanctions on specific sectors of the North Korean economy and threatening to cut off access to the U.S. banking system for non-U.S. persons involved in North Korean trade.

OFAC continued to add North Korean individuals and entities to the SDN List throughout 2018, kicking off the year with a January 24, 2018 designation of nine entities, 16 individuals, and six vessels in response to North Korea's "ongoing development of weapons of mass destruction" and violations of Security Council resolutions. One month later, on February 23, OFAC added to the SDN List what was billed as "the largest North Korea-related sanctions tranche to date," aimed primarily at disrupting the regime's shipping and trading companies. This action—which was focused on disrupting the activities of shipping companies that have been used to evade sanctions—designated an outstanding 56 individuals and entities across nine countries. That same day, OFAC joined the State Department and U.S. Coast Guard in issuing an advisory which highlighted the deceptive practices used by North Korea to evade U.S. sanctions so that companies, including financial institutions, can adequately implement controls to account for these practices. OFAC, together with the State Department and Department of

Homeland Security, issued another similar advisory on July 23, 2018. This second advisory highlights North Korea's evasion tactics that could expose businesses involved in the supply chain-such as manufacturers, buyers, and service providers-to risk and urged the implementation of proper controls and due diligence measures.

Last, though largely procedural, it is also worth noting that on March 1, 2018, OFAC amended and reissued the North Korea Sanctions Regulations and issued 14 new FAQs relating to the North Korea sanctions program.

As the year drew to a close and the new year began, the U.S. government's position vis-à-vis North Korea once again was thrown into question. Although in December 2018 there were media reports of a new ballistic missile base being constructed in North Korea, in January 2019 the President reiterated that the United States is "doing very well" with respect to North Korea and is moving forward with scheduling a second summit to discuss the complete denuclearization of the Korean Peninsula. Regardless, based on developments in 2017 and 2018, it is likely that OFAC's intensification of its North Korea program will continue apace in the coming year.

*[Part II will be published in tomorrow's Daily Bugle.]*

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21.

T. Murphy: "Section 301 Update -- A List 3 Exclusion Process Coming Soon"

(Source: Author, 15 Feb 2019.)

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[ted.murphy@bakermckenzie.com](mailto:ted.murphy@bakermckenzie.com).

As you likely heard, the president signed the Consolidated Appropriations Act, 2019 (H.J. Res. 31) earlier today and avoided another government shutdown. That spending bill included an "Explanatory Statement" submitted by the Chairwoman of the House Committee on Appropriations that contains a number of interesting provisions. Most notably with regard to Section 301, it **contains a clear instruction from Congress that USTR establish within 30 days, a "Section 301 Exclusion Process" for goods included on List 3.** How this instruction will be implemented by USTR-and whether it will be applied retroactively to the original effective date of the List 3 duties- however, remains to be seen.

USTR has stated that it would not create an exclusion request process for List 3 Section 301 duties as long as those duties remain at the current 10% level. At present, those duties are scheduled to increase to 25% on March 2, 2019 unless an agreement with China is reached (or the president pushes the deadline back further, which is more likely). As a result, importers of

articles on List 3 have not been able to apply for a product exclusion (unlike importers of articles on List 1 and/or 2).

The Explanatory Statement (relevant portion attached), however, provides as follows:

USTR shall establish an exclusion process for tariffs imposed on goods subject to Section 301 tariffs in round 3. This process should be initiated no later than 30 days after the enactment of this Act, following the same procedures as those in rounds 1 and 2, allowing stakeholders to request that particular products classified within a tariff subheading subject to new round 3 tariffs be excluded from the Section 301 tariffs.

While we believe that Congress likely intended that USTR create an exclusion process for List 3 articles within 30 days (i.e., by March 17, 2019), the inclusion of the phrases "same procedures" and "new round 3 tariffs" might be read to support USTR's existing plan of creating an exclusion process for List 3 only if the duties increase to 25% (i.e., does "new round 3 tariffs" mean when the List 3 duties increase to 25%, any List 3 duties paid after the date of enactment of the spending bill, or something else?).

Regardless, the expectation that USTR will create an exclusion process within 30 days is clear. Exactly what it will cover and how it will be implemented is less so.

We hope this is helpful. We will continue to monitor the situation and provide further updates as more information becomes available. In the meantime, please let us know if you have any questions.

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## 22. NSSF Releases Newsletter Covering U.S. Export Control Developments

(Source: NSSF Import/Export News, 19 Feb 2019.) [Excerpts. Available by subscription via [nssfnews@nssf.org](mailto:nssfnews@nssf.org).]

The National Shooting Sports Foundation (NSSF) has released a newsletter covering the following topics on export controls and export control reform.

### **EXPORT CONTROL REFORM**

#### *USML to CCL Transition Moving Forward*

The rules transferring USML Categories I-III to Commerce from State have progressed through the informal 38(f) process, typically a 30 day period of informal notice to Capitol Hill. The rules are now in a formal 30 day notice period to Congress and the final rule is expected to be published in mid-March.

Note: NSSF has learned that the effective date of the new rules will be only 45 days from the date of publication, or around early May. In our comment letter on the proposed rules we had urged that the rules become effective 180 days after publication to allow more time for our industry to learn the Commerce licensing process.

NSSF is carefully monitoring legislative efforts to block the transfer, including, [H.R. 1134](#), the Prevent Crime and Terrorism Act, introduced in the House on Feb. 8th by Rep. Torres, Norma J. [D-CA-35] and S.459, Stopping the Traffic in Overseas Proliferation of Ghost Guns Act, introduced in the Senate by Sen. Robert Menendez [D-NJ]. We are also responding to news articles and media requests on the issue (See coverage in the [New York Times](#), and [Forbes.com](#).) ...

#### *Law Firm Loses Prior-Restraint Case*

According to news reports, the law firm Stagg PC lost a lawsuit it filed against the State Department, in which it claimed that it was concerned about government prosecution if it published technical data online. The law firm specializes in export issues for aerospace, defense and technology companies. The judge, "found that the existing text of the statute presented no prior-restraint problems and was clear on what constituted information in the public domain. 'Nothing in the current ITAR's definition of public domain can reasonably be interpreted to suggest that data that would otherwise qualify as public domain does not solely because it became publicly available without government authorization,' she wrote." Note that the issue of technical data not in the public domain will be resolved for the firearms and ammunition industry with the transfer of the products to the EAR. ...

#### *IG Report Critiques DDTC's License Process*

A [report](#) published Feb. 7 by the State Department's Inspector General (OIG), found that DDTC should do more to compare information with other departments and better vet end-users. The OIG audit, which was based on a DDTC request, reviewed 21 license applications and found, "that DDTC did not implement sufficient internal controls to ensure that permanent export license applications included all required information as set forth in its standard operating procedures (SOP). Specifically, Licensing Officers approved 20 of 21 applications (95 percent) reviewed despite the absence of required information, including 5 applications that should have been returned to the applicant without action...In addition, of the 21 applications reviewed, OIG found a single instance in which DDTC did not seek the input of other Department bureaus and offices, as required. The single exception was due to human error. However, during the audit, OIG learned of other instances in which Licensing Officers deviated from Department guidance and did not engage other Department bureaus in licensing decisions...OIG also found that DDTC appropriately vetted the end-use and end-user of exports associated with applications reviewed for this audit. However, during audit fieldwork, OIG observed an end-use/end-user check that was not conducted in accordance with guidance."

## Enforcement

On Feb. 1, Junior Joseph, owner of an Orlando gun store, was found guilty of conspiracy to export firearms to Haiti. He was found to have worked with a Haiti lawmaker and others to export 166 semi-automatic firearms and 30,000 rounds of ammunition without a license.

Last month, Lionel Chan of Massachusetts and Muhammad Radzi of New York were arrested for conspiring to illegally export firearms and parts to Hong Kong without a license. "Authorities said beginning around March 2018, Chan started buying a variety of U.S.-origin firearms parts, including parts to assemble AR-15 assault rifles and 9mm semi-automatic handguns...Using eBay, gunbroker.com, and other websites, Chan began purchasing parts online, authorities said. The buyer in Hong Kong exchanged messages with Chan through WhatsApp and instructed Chan what parts to buy and the websites to use, according to a federal affidavit." ...

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## EX/IM MOVERS & SHAKERS

23. Monday List of Ex/Im Job Openings: 155 Openings  
Posted This Week, Including 21 New Openings  
(Source: Events & Jobs Editor)

Published every Monday or first business day of the week. Please, send job openings in the following format to [jobs@fullcirclecompliance.eu](mailto:jobs@fullcirclecompliance.eu).

\* COMPANY; LOCATION; POSITION TITLE (WEBLINK); CONTACT  
INFORMATION; REQUISITION ID

"#" New or amended listing this week

- \* Adient; Bratislava, Slovakia; Customs Specialist (EMEA); Requisition ID: R-02990;
- \* AeroVironment; Simi Valley, CA; Trade Compliance Specialist II; Requisition ID: 333;
- \* Agility; Basel, Switzerland; SachbearbeiterIn Ocean Freight Export;
- \* Agility; Charlotte, NC; Import Manager/Licensed Customs Broker;
- \* Agility; Dallas, TX; Ocean Export Coordinator;
- \* Agility; Houston, TX; Ocean Export Coordinator;
- \* Agility; Houston, TX; Ocean Export Team Leader;
- \* Airbus; Manching, Germany; Internship within Procurement Compliance, Regulations & Risks; Requisition ID: 10438469 NU EN EXT 1;

- \* AM General; Auburn Hills, MI; International Compliance Analyst;
- \* Amazon EU; Luxembourg City, Luxembourg; Trade Compliance Manager; Requisition ID: 780313;
- \* Amazon Web Services; Seattle, WA; Trade Compliance Manager, Export Controls & Classification; Requisition ID: 787194;
- \* Analog Devices; Chelmsford, MA; Import-Export Analyst;
- \* Ascent Aerospace; Lake Orion and Macomb Township, MI; ITAR/EAR/Export Compliance Manager; Requisition ID: 1399;
- \* Arconic; Cleveland, OH; Global Trade Compliance Manager;
- \* Ascent Aerospace; Lake Orion and Macomb Township, MI; ITAR/EAR/Export Compliance Manager; Requisition ID: 1399;
- \* BAE Systems; Farnborough, United Kingdom; Counsel, Group Export Control; Requisition ID: 00058679;
- \* BAE Systems; Nashua, NH; Procurement Compliance; Requisition ID: 44996BR
- # \* BAE Systems; Poznan, Poland; Export Control Officer; Requisition ID: 68780
- \* BAE Systems; Sterling Heights, MI; Senior Procurement Compliance Analyst; Requisition ID: 4BR
- \* Baker Hughes; Aberdeen, UK; Trade Compliance Classification Analyst; Requisition ID: 1902478;
- \* Beiersdorf; Hamburg, Germany; International Trade Expert;
- \* Bell Flight; Fort Worth, TX; Trade Classification Specialist I; Requisition ID: 270536;
- \* Boeing; multiple locations, United States; Trade Control Specialist; Requisition ID: 1900020123;
- \* Boeing; Dallas, TX; Global Regulatory and Compliance Specialist 4; Requisition ID: 12795;
- \* Boeing; Zoushan, China; Compliance Analyst;
- \* Boeing; Zoushan, China; Trade Compliance Manager;
- \* Bosch USA; Owatonna, MN; Import/Export Compliance Analyst;
- \* Bristol-Myers Squibb; New Brunswick, NJ; Director Global Customs & Trade; Requisition ID: R1509390\_EN
- \* Brookhaven National Laboratory; Upton, NY; Mgr Export Control Program; Requisition ID: 1563;
- \* Carnegie Mellon University; Pittsburgh, PA; Export Compliance Manager;
- \* CISCO; Amsterdam, The Netherlands; Global Export Trade Manager - EMEAR;
- \* Danfoss; Rødskro, Denmark; Global Trade Compliance Specialist and Coordinator; Requisition ID: 14732BR;
- \* DB Schenker; Düsseldorf, Germany; Head of Ocean Freight Import; Requisition ID: 201811140002;
- \* Deloitte Belgium; Ghent, Belgium; Manager Global Trade Advisory;
- \* Doosan; West Fargo, ND; Director Customs & Trade Compliance;
- \* DuPont; Neu-Isenburg, Germany; Logistics Specialist Customs & Trade Compliance EMEA; Requisition ID: SOU00001629;
- # \* Eaton; Cuautitlan, Mexico; Import and Export Analyst; Requisition ID: 064734
- # \* Eaton; Titchfield, United Kingdom; UK Export Licensing Officer; Requisition ID: 056506

\* EDCO; Eindhoven, the Netherlands; Customs & Trade Compliance Coordinator;  
 \* ELTA North America; Baltimore, MD; Compliance Officer;  
 # \* Energy Resourcing Group; Houston, TX; Trade Compliance Analyst  
 \* ENSCO Plc; Houston, TX; Analyst II - Export & Trade Compliance;  
 Requisition ID: 13136;  
 \* Erickson Inc.; Portland or Central Point, OR; Import Specialist; Susan Colletto; Requisition ID 927130;  
 \* Esri; Redlands, CA; Export Compliance Specialist;  
 \* Expeditors; Krefeld, Germany; Clerk Import / Export;  
 \* Expeditors; Bedford, United Kingdom; Customs Brokerage Clerk;  
 \* Expeditors; Frankfurt, Germany; Consultant - Customs and Trade Compliance (m/w), unbefristet und in Vollzeit  
 ;  
 \* Expeditors; Sunnyvale, CA, USA; Customs Compliance Specialist;  
 \* Export Compliance Solutions/ECScreening; Remote; Sales Representative  
 \* Flexport; Amsterdam, the Netherlands; Customs Director Europe;  
 \* Flexport; San Francisco, CA; Customs Compliance Manager;  
 \* FLIR; Arlington, VA or Billerica, MA; Senior Director, Global Export Compliance; Requisition ID: REQ11409;  
 \* FLIR; Elkridge, MD; Global Trade Compliance, Traffic Analyst OTS;  
 # \* FLIR; multiple locations in the U.S.; Project Coordinator OCR EASE Global Trade Compliance; Requisition ID: REQ11768  
 # \* FLIR; Richmond, BC, Canada; Global Trade Compliance - Site Trade Compliance Operations Leader; Requisition ID: REQ11591  
 \* Fortive - Tektronix; Beaverton, OR; Chief Compliance Counsel;  
 \* Fortive - HealthNewCo; Irvine, CA; Global Trade Compliance Manager;  
 \* GCP Applied Technologies; Cambridge, MA; Trade Compliance Manager;  
 \* General Atomics; San Diego, CA; Compliance Specialist; Requisition ID: 22119BR  
 # \* General Atomics; San Diego, CA; Trade Compliance Classification Leader; Requisition ID: 22671BR  
 \* General Dynamics; Falls Church, VA; Manager, Intl Trade Compliance; Requisition ID: 2018-50910;  
 \* Google; Mountain View, CA; Trade Specialist, Export Compliance;  
 \* GSK; Research Triangle Park, NC; Trade Compliance COE Manager; Requisition ID: WD184670;  
 # \* Gulfstream Aerospace; Savannah, GA; Trade Compliance Project Manager II; Requisition ID: 143118  
 # \* Gulfstream Aerospace; Savannah, GA; Trade Compliance Project Manager Sr; Requisition ID: 142611  
 \* Henderson Group Unlimited, Inc; State Dept, DDTC; Washington, DC; Defense Trade Control Compliance Analyst;  
 \* Henderson Group Unlimited, Inc; State Dept, DDTC; Washington, DC; Commodities Jurisdiction Analyst;  
 \* Honda; Marysville, OH; Senior Export Compliance Specialist; Requisition ID: HTA0000AX;  
 \* Honeywell; multiple locations, United States; Export Compliance Manager (North America); Requisition ID: HRD45798;  
 \* Honeywell; Kansas City, MO; Import/Export Compliance Leader; Requisition ID: req177780;



- \* Honeywell; Prague, Czech Republic; Export Compliance Officer; Requisition ID: req179383;
- \* Honeywell International Inc.; Sunnyvale, CA or Lincolnshire, IL; Sr. Import/Export Analyst; HRD32371
- \* Infineon; El Segundo, CA; Manager, Export Control; Requisition ID: 33841
- \* Infineon Technologies, El Segundo, CA; Senior Export Compliance Specialist; Requisition ID: 31215;
- \* Infineon Technologies; Tijuana, Mexico; Import-Export Manager;
- \* IntelliTrac Global Solutions; Herndon, VA; ITAR Compliance Official / Deputy Facility Security Officer;
- \* IntelliTrac Global Solutions; Herndon, VA; ITAR Compliance Official;
- \* IPG Photonics; Oxford, MA; Global Director Trade Compliance;
- \* IPG Photonics; Oxford, MA; Global Director Trade Compliance
- \* John Crane; Slough, United Kingdom; Senior Manager International Trade Compliance EMEA; Requisition ID: JCRANE01688;
- \* Johnson Controls; Milwaukee, WI; Director, Global Trade Compliance; Requisition ID: WD30055791295;
- \* Keeco Home; Hayward, CA; Director Customs and Compliance;
- \* Kellogg's; Bucharest, Romania; Export Documents & Customs Coordinator; Requisition ID: LOG003008;
- \* Kohler Co; Kohler, WI; Analyst, International Trade Compliance; Requisition ID: 18105;
- \* Leidos; Columbia, MD; International Trade Manager / Export Compliance; Requisition ID: R-00005745;
- \* Leonardo DRS; Melbourne, FL; Senior Supply Chain Analyst - Small Business Compliance; Requisition ID: 91669
- \* Lockheed Martin; Arlington, VA; International Licensing Analyst; Requisition ID: 465724BR;
- \* Lockheed Martin; Arlington, VA; International Licensing Analyst; Requisition ID: 468160BR;
- \* Lockheed Martin; Bethesda, MD; Regulatory Compliance Analyst; Requisition ID: 449353BR
- \* Lockheed Martin; Grand Prairie, TX; International Trade Compliance Specialist / International Licensing Analyst; Requisition ID: 469631BR
- # \* Lockheed Martin; Orlando, FL; International Trade Compliance Specialist / International Licensing Analyst; Requisition ID: 467458BR
- # \* Lumentum; Milpitas, CA; Legal Trade Compliance Intern; Requisition ID: 2018221
- \* Luminex; Austin, TX; Global Logistics & Trade Compliance Analyst - US; Requisition ID: 561
- \* Lutron Electronics Co; Lehigh Valley, PA; Trade Compliance Coordinator; Requisition ID: 4025;
- \* Meggitt; Erlanger, KY; Trade Compliance Officer; Requisition ID: 37476;
- \* Meggitt; San Diego, CA; Trade Compliance Officer; Requisition ID: 36402;
- \* Metso; Beijing or Tianjin or Shanghai, China; Trade Compliance Manager APAC; Requisition ID: 83732;
- \* Metso; Helsinki or Vantaa or Tampere, Finland; Trade Compliance Manager EMEA; Requisition ID: 83711;
- \* Mohawk Global Trade Advisors; Chicago, IL; Vice President and General Manager of Consulting Division; Contact: [CSardella@mohawkglobal.com](mailto:CSardella@mohawkglobal.com);

- \* Moog Aircraft Group; Torrance, CA; Senior Trade Compliance Specialist; Requisition ID: 190620;
- \* Muscogee International, LLC; Washington, D.C.; DDTC Records Auditor; Apply [HERE](#) or contact their recruiting team.
- \* Muscogee International, LLC; Washington, D.C.; DDTC Contract Analyst; Apply [HERE](#) or contact their recruiting team.
- \* Muscogee International, LLC; Washington, D.C.; DDTC Service Support Desk Lead; Apply [HERE](#) or contact their recruiting team.
- \* Muscogee International, LLC; Washington, D.C.; DDTC Service Support Desk; Apply [HERE](#) or contact their recruiting team.
- \* Muscogee International, LLC; Washington, D.C.; DDTC Office Support I; Apply [HERE](#) or contact their recruiting team.
- \* Muscogee International, LLC; Washington, D.C.; DDTC Office Support II; Apply [HERE](#) or contact their recruiting team.
- \* Muscogee International, LLC; Washington, D.C.; DDTC Office Support III; Apply [HERE](#) or contact their recruiting team.
- \* Muscogee International, LLC; Washington, D.C.; DDTC Office Support; Apply [HERE](#) or contact their recruiting team.
- \* Newell Brands; Norwalk, CT; Manager of Trade Operations;
- \* Norma Group; Maintal, Germany; Manager Global Trade Compliance and Forwarding; Requisition ID: 8843;
- \* Northrop Grumman; Chester, United Kingdom; International Trade Compliance (ITC) Professional;
- \* Northrop Grumman; London, United Kingdom; Regional Trade Compliance Manager;
- \* NXP Semiconductors; Eindhoven, The Netherlands; (Senior) Manager Customs Compliance; Requisition ID: R-10013630;
- \* Ormco; Amersfoort, The Netherlands; EU Trade Compliance Specialist;
- \* Palomar Products; Rancho Santa Margarita, CA; Contracts & Compliance Manager;
- \* Panasonic Avionics; Houston, TX; Import/Export Analyst;
- \* Pinpoint Pharma; Lincolnshire, IL; Export Compliance Specialist; Requisition ID: 351;
- \* Polaris; Minneapolis, MN; Mgr, Export Compliance; Requisition ID: 12882BR;
- \* PwC; Houston, TX; Customs and International Trade Director; Requisition ID: 38150WD;
- \* QinetiQ; Mönchengladbach, Germany; International Trade Compliance and Logistics Manager;
- \* Ralph Lauren; New York, NY; Director, Trade Compliance Analyst; Requisition ID: 5567761;
- \* Rawlings Sporting Goods, St. Louis, MO; Trade Compliance Analyst
- \* Raytheon; Tucson, AZ; Senior Export Licensing and Compliance Specialist; Requisition ID: 129588BR;
- \* Raytheon; Tucson, AZ; Trade Compliance Empowered Official; [ryan.murphy@raytheon.com](mailto:ryan.murphy@raytheon.com); Requisition ID: 121105BR;
- \* Richemont; Fort Worth, TX; Import/Export Manager; Requisition ID: 8837;
- \* Rohde & Schwarz; Columbia, MD; Import/Export Compliance Specialist;
- \* Rohde Schwarz; Munich, Germany; Spezialist Exportkontrolle (m/w)
- \* SABIC; Houston TX; Senior Analyst, Trade Compliance;

Danielle.Cannata@sabic.com; Requisition ID: 8411BR  
 \* SC Johnson; Kuala Lumpur, Malaysia; Senior Analyst, Global Trade Compliance; Requisition ID: 1525;  
 \* Shell; Krakow, Poland; Trade Compliance Manager; Requisition ID: 100384BR;  
 # \* Shell; London, United Kingdom; Trade Compliance Manager - Trading; Requisition ID: 96669BR  
 \* Sierra Nevada Corporation; Hurlburt Field, FL; International Trade Compliance Analyst II; Requisition ID: R0007284;  
 \* Smith & Nephew; Hull, United Kingdom; European Trade Compliance Analyst; Requisition ID: R31311;  
 \* Société Générale Securities Services; Munich, Germany; Sachbearbeiter Trade Compliance; Requisition ID: 1800112L;  
 # \* StanleyBlack&Decker; Southington, CT; Trade Compliance Specialist/Analyst; Requisition ID: 58390BR  
 \* Symantec; Tempe, AZ; Trade Compliance Analyst; Requisition ID: 47108;  
 \* TE Connectivity; El Cajon, CA or Middletown, PA; Licensing Specialist; [tbaker@te.com](mailto:tbaker@te.com); Requisition 40514  
 \* Thales; Brest, France; Export Control Manager (H/F); Requisition ID: R0052876  
 \* Thales; New Delhi, India; Manager - Trade Compliance; Requisition ID:R0038060  
 \* TLR Inc.; Portland, OR; Export Compliance Specialist;  
 # \* Trek Bicycle; Waterloo, WI; Trade Compliance Manager  
 # \* United States Postal Service; Washington D.C.; International Trade Operations Compliance Specialist  
 \* Teledyne Semiconductors; Saint-Egrève/Grenoble, France; Trade Compliance Manager; Requisition ID: 2019-8459;  
 \* Textron Aviation; Wichita, KS; Trade Compliance Analyst; Requisition ID: 269127  
 \* Thales; New Delhi, India; Manager - Trade Compliance; Requisition ID:R0038060  
 \* United Technologies - Collins Aerospace; Cedar Rapids; Compliance Specialist-Government; Requisition ID: 01271793;  
 # \* United Technologies - Pratt & Whitney; East Hartford, CT; ITC Licensing Specialist; Requisition ID: 01289652  
 \* University of California; San Francisco, CA; Export Control Officer; Requisition ID: 51010;  
 # \* Velocity Electronics; Austin, TX; Director of Global Trade Compliance  
 # \* Volvo Car Group; Gothenburg, Sweden, Export Controls Classifier; [morten.steen.jensen@volvocars.com](mailto:morten.steen.jensen@volvocars.com); Requisition ID: 21434  
 # \* Volvo Car Group; Gothenburg, Sweden; Head of Export Controls; [morten.steen.jensen@volvocars.com](mailto:morten.steen.jensen@volvocars.com); Requisition ID: 21435  
 \* Volvo Car Group; Göteborg, Sweden; Technical Expert - Export Controls;  
 \* Wealth Ocean; Newport Beach, CA; Marketing & International Trade Specialist;  
 \* Wellesley Asset Management; Wellesley, MA; Chief Compliance Officer;  
 \* World Wide Technology; Edwardsville, IL; International Trade Compliance Specialist;  
 \* Würth Adams; Greenwood, IN; International Trade Compliance Classification Specialist;

\* Xilinx; San Jose, CA; Trade Compliance Specialist; Requisition ID: 155901  
# \* Xpand Group: Hong Kong, China; Compliance Analyst; Requisition ID: G-REQ-00169936  
# \* Xpand Group: Hong Kong, China; Trade Compliance Manager;  
\* YETI Coolers; Austin, TX;  
Inbound Logistics and Trade Compliance Manager

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\* \* \* \* \*

## EX/IM TRAINING EVENTS & CONFERENCES

24. "18th Annual 'Partnering for Compliance'<sup>TM</sup> Export/Import Control Conference" on 5-7 Mar; and "Customs/ Import Boot Camp" on 8 Mar Both in Orlando, FL (Source: A.E. NicPhaidin, [Info@PartneringForCompliance.org](mailto:Info@PartneringForCompliance.org).)

\* What: The 18th Annual "Partnering for Compliance"<sup>TM</sup> will focus intensely on a broad spectrum of export/import regulatory and compliance matters of current relevance to companies and individuals involved in global trading. Senior-level government officials and trade experts will provide first-class training.

\* Where: Holiday Inn Orlando International Airport Hotel (completely renovated)

\* When:

- Tue - Thurs, 5-7 Mar: "18th Annual 'Partnering for Compliance'<sup>TM</sup> Export Control Program

- Fri, 8 Mar: 1-Day Program "Customs/Import Boot Camp"

- NOTE: Sharron Cook, BIS, (drafter) will also discuss the proposed rule on routed exports jointly with Census, due in the Spring.

\* Speakers confirmed: DoS/DDTL: Terry Davis; DoS/DDTC: Daniel Cook (Invited); DoC/BIS: Sharron Cook & OEE speaker confirmed (TBD); DoD/DTSA: Ken Oukrop; OFAC: Kerri Bitsoff, Enforcement (Confirmed) & Anthony Musa, Licensing: (Invited); Census Bureau: Omari Wooden; DHS/CBP: Eric LaRoche; ICE: Timothy Dwyer; USMCA: Candace Sider, VP Livingston Int'l.; Imports: Braumiller Law Group PLLC: Adrienne Braumiller & Bruce Leeds; and U.S. trade.

\* Opening Keynote Address: Delegation of the E.U. to the U.S., BREXIT (Invited)

\* Cost: Export 3-day program: \$650. Customs/Import 1-day program: \$250. Both programs: \$900.

\* Remarks: Maximum capacity is 200 participants to maintain informal and collaborative environment.

\* As time permits, all Government and trade speakers will informally hold short "one-to-one" meetings with participants on a "first-come, first-served" basis.

\* Certificates of Completion granting: 4.5 IIEI CEUs and 20 CES NCBFAA Credits for 3-day Exports program, and 6.5 CCS NCBFAA Credits for 1-day Customs/Import Boot Camp will be awarded for each program.

\* More information: [Here](#).

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## 25. ECS Presents "Managing ITAR/EAR Complexities" on 26-27 Mar in Scottsdale, AZ

(Source: S. Palmer, [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com).)

\* What: Managing ITAR/EAR Complexities; Scottsdale, AZ

\* When: 26-27 March 2019

\* Where: [Double Tree Resort by Hilton Paradise Valley](#)

\* Sponsor: Export Compliance Solutions (ECS)

\* ECS Speaker Panel: Suzanne Palmer, Lisa Bencivenga

\* Register [here](#) or by calling 866-238-4018 or e-mail

[spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com)

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\* \* \* \* \*

## 26. FCC Presents U.S. Export Controls Awareness Course: "ITAR & EAR from a non-U.S. Perspective", 9 April in Bruchem, the Netherlands

(Source: [Full Circle Compliance](#), [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu).)

Our next academy course is specifically designed for beginning compliance professionals and those in a similar role who aim to stay up-to-date with the latest U.S. export control requirements that apply to non-U.S. transactions, and industry's best practices.

The course will cover multiple topics relevant for organizations outside the U.S. that are subject to U.S. export controls, including: the U.S. regulatory framework, key concepts and definitions, tips regarding classification and licensing, essential steps to ensure a U.S. export control compliant shipment, how to handle a (potential) non-compliance issue, recent enforcement trends, and the latest and anticipated regulatory amendments. Participants will receive a certification upon completion of the training.

\* What: Awareness Course U.S. Export Controls: ITAR & EAR from a Non-U.S. Perspective

\* When: Tuesday, 9 Apr 2010, 9.30 am - 4.30 pm (CET)

\* Where: Landgoed Groenhoven, Bruchem, the Netherlands

\* Sponsor: [Full Circle Compliance](#) (FCC)

\* Instructors: drs. Ghislaine C.Y. Gillesen, Michael E. Farrell (ITAR), and drs. Alexander P. Bosch (EAR)

\* Information & Registration: [HERE](#), or contact us at [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu).

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## EDITOR'S NOTES

### 27. Bartlett's Unfamiliar Quotations

(Source: Editor)

\* **Enzo Ferrari** (Enzo Anselmo Giuseppe Maria Ferrari; 20 Feb 1898 - 14 Aug 1988; was an Italian motor racing driver and entrepreneur, the founder of the Scuderia Ferrari Grand Prix motor racing team, and subsequently of the Ferrari automobile marque.)

- *"I have never gone on a real trip, never taken a holiday. The best holiday for me is spent in my workshops when nearly everybody else is on vacation."*

#### **Monday was pun day:**

\* Q: What do you call a snowman with a six pack?

A: An abdominal snowman.

\* Q: What did the snowman and his wife put over their baby's crib?

A: A snowmobile!

\* Q: What do you call someone who can't stick with a diet?

A: A deserter.

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\* \* \* \* \*

### 28. Are Your Copies of Regulations Up to Date?

(Source: Editor)

\* DHS CUSTOMS REGULATIONS: 19 CFR, Ch. 1, Pts. 0-199. Implemented by Dep't of Homeland Security, U.S. Customs & Border Protection.

- Last Amendment: 14 Jan 2019: 84 FR 112-116: Extension of Import Restrictions Imposed on Certain Archaeological and Ecclesiastical Ethnological Material from Bulgaria; and 84 FR 107-112: Extension of Import Restrictions Imposed on Certain Archaeological Material From China

\* DOC EXPORT ADMINISTRATION REGULATIONS (EAR): 15 CFR Subtit. B, Ch. VII, Pts. 730-774. Implemented by Dep't of Commerce, Bureau of Industry & Security.

- Last Amendment: 20 Dec 2018: 83 FR 65292-65294: Control of Military Electronic Equipment and Other Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML); Correction [Concerning ECCN 7A005 and ECCN 7A105.]

- \* DOC FOREIGN TRADE REGULATIONS (FTR): 15 CFR Part 30. Implemented by Dep't of Commerce, U.S. Census Bureau.
- Last Amendment: 24 Apr 2018: 83 FR 17749-17751: Foreign Trade Regulations (FTR): Clarification on the Collection and Confidentiality of Kimberley Process Certificates
  - HTS codes that are not valid for AES are available [here](#).
  - The latest edition (1 Jan 2019) of *Bartlett's Annotated FTR* ("BAFTR"), by James E. Bartlett III, is available for downloading in Word format. The BAFTR contains all FTR amendments, FTR Letters and Notices, a large Index, and approximately 250 footnotes containing case annotations, practice tips, Census/AES guidance, and explanations of the numerous errors contained in the official text. Subscribers receive revised copies in Microsoft Word every time the FTR is amended. The BAFTR is available by annual subscription from the Full Circle Compliance [website](#). BITAR subscribers are entitled to a 25% discount on subscriptions to the BAFTR. Government employees (including military) and employees of universities are eligible for a 50% discount on both publications at [www.FullCircleCompliance.eu](http://www.FullCircleCompliance.eu).
- \* DOD NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL (NISPOM): DoD 5220.22-M. Implemented by Dep't of Defense.
- Last Amendment: 18 May 2016: Change 2: Implement an insider threat program; reporting requirements for Cleared Defense Contractors; alignment with Federal standards for classified information systems; incorporated and cancelled Supp. 1 to the NISPOM (Summary [here](#).)
- \* DOE ASSISTANCE TO FOREIGN ATOMIC ENERGY ACTIVITIES: 10 CFR Part 810; Implemented by Dep't of Energy, National Nuclear Security Administration, under Atomic Energy Act of 1954.
- Last Amendment: 23 Feb 2015: 80 FR 9359, comprehensive updating of regulations, updates the activities and technologies subject to specific authorization and DOE reporting requirements. This rule also identifies destinations with respect to which most assistance would be generally authorized and destinations that would require a specific authorization by the Secretary of Energy.
- \* DOE EXPORT AND IMPORT OF NUCLEAR EQUIPMENT AND MATERIAL; 10 CFR Part 110; Implemented by Dep't of Energy, U.S. Nuclear Regulatory Commission, under Atomic Energy Act of 1954.
- Last Amendment: 20 Nov 2018, 10 CFR 110.6, Re-transfers.
- \* DOJ ATF ARMS IMPORT REGULATIONS: 27 CFR Part 447-Importation of Arms, Ammunition, and Implements of War. Implemented by Dep't of Justice, Bureau of Alcohol, Tobacco, Firearms & Explosives.
- Last Amendment: 15 Jan 2016: 81 FR 2657-2723: Machineguns, Destructive Devices and Certain Other Firearms; Background Checks for Responsible Persons of a Trust or Legal Entity With Respect To Making or Transferring a Firearm.
- \* DOS INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR): 22 C.F.R. Ch. I, Subch. M, Pts. 120-130. Implemented by Dep't of State, Directorate of Defense Trade Controls.

- Last Amendment: 4 Oct 2018: [83 FR 50003-50007](#): Regulatory Reform Revisions to the International Traffic in Arms Regulations.

- The only available fully updated copy (latest edition: 1 Jan 2019) of the ITAR with all amendments is contained in *Bartlett's Annotated ITAR* ("BITAR"), by James E. Bartlett III. The BITAR contains all ITAR amendments to date, plus a large Index, over 800 footnotes containing amendment histories, case annotations, practice tips, DDTC guidance, and explanations of errors in the official ITAR text. Subscribers receive updated copies of the BITAR in Word by email, usually revised within 24 hours after every ITAR amendment. The BITAR is available by annual subscription from the Full Circle Compliance [website](#). BAFTR subscribers receive a \$25 discount on subscriptions to the BITAR, please [contact us](#) to receive your discount code.

\* [DOT FOREIGN ASSETS CONTROL REGULATIONS \(OFAC FACR\)](#): 31 CFR, Parts 500-599, Embargoes, Sanctions, Executive Orders. Implemented by Dep't of Treasury, Office of Foreign Assets Control.

- Last Amendment: 15 Nov 2018: [83 FR 57308-57318](#): Democratic Republic of the Congo Sanctions Regulations

\* [USITC HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES \(HTS, HTSA or HTSUSA\)](#), 1 Jan 2019: 19 USC 1202 Annex. Implemented by U.S. International Trade Commission. ("HTS" and "HTSA" are often seen as abbreviations for the Harmonized Tariff Schedule of the United States Annotated, shortened versions of "HTSUSA".)

- Last Amendment: 12 Feb 2019: [Harmonized System Update 1901](#) [contains 397 ABI records and 89 harmonized tariff records.]

- HTS codes for AES are available [here](#).

- HTS codes that are not valid for AES are available [here](#).

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## 29. Weekly Highlights of the Daily Bugle Top Stories (Source: Editor)

Review last week's top Ex/Im stories in "Weekly Highlights of the Daily Bugle Top Stories" published [here](#).

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## EDITORIAL POLICY

\* The Ex/Im Daily Update is a publication of FCC Advisory B.V., compiled by: Editor, James E. Bartlett III; Assistant Editors, Alexander P. Bosch and Vincent J.A. Goossen; and Events & Jobs Editor, Alex Witt. The Ex/Im Daily Update is emailed every business day to approximately 6,500 readers of



changes to defense and high-tech trade laws and regulations. We check the following sources daily: Federal Register, Congressional Record, Commerce/AES, Commerce/BIS, DHS/CBP, DOE/NRC, DOJ/ATF, DoD/DSS, DoD/DTSA, FAR/DFARS, State/DDTC, Treasury/OFAC, White House, and similar websites of Australia, Canada, U.K., and other countries and international organizations. Due to space limitations, we do not post Arms Sales notifications, Denied Party listings, or Customs AD/CVD items.

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Sent by [jebartlett@fullcirclecompliance.eu](#)

**From:** Jim Bartlett, Full Circle Compliance [jebartlett@fullcirclecompliance.eu]  
**Sent:** 2/21/2019 8:26:01 PM  
**To:** Abraham, Liz (Federal) [LAbraham@doc.gov]  
**Subject:** 19-0221 Thursday "Daily Bugle"



# THE DAILY BUGLE

Thursday, 21 February 2019

The Daily Bugle is a free daily newsletter from Full Circle Compliance, containing changes to export/import regulations (ATF, DOE/NRC, Customs, NISPOM, EAR, FACR/OFAC, FAR/DFARS, FTR/AES, HTSUS, and ITAR), plus news and events. Subscribe [here](#) for free subscription. [Contact us](#) for advertising inquiries and rates.

## ITEMS FROM FEDERAL REGISTER

1. [Justice/ATF Seeks Comments on Information Collection, Manufacturers of Ammunition, Records and Supporting Data of Ammunition Manufactured and Disposed of](#)

## OTHER GOVERNMENT SOURCES

2. [Items Scheduled for Publication in Future Federal Register Editions](#)
3. [Commerce/BIS: \(No new postings.\)](#)
4. [State/DDTC: \(No new postings.\)](#)
5. [Treasury/OFAC Posts Settlement with ZAG IP, LLC for Five Apparent Iranian Sanctions Violations](#)
6. [Singapore Customs Updates of Interest](#)

## NEWS

7. [Deutsche Welle: "UK: Germany's Saudi Arms Export Ban Jeopardizes European Defense"](#)
8. [ST&R Trade Report: "GSP for India in Danger as Trade Irritants Fester"](#)

## COMMENTARY

9. [B.B. Goodsell: "So You Violated Sanctions, Now What? OFAC Offers a Tutorial on Remediating Violations"](#)
10. [J. Alison Lee, A. Smith, P. Doris: "2018 Year-End Sanctions Update: European Union Developments and Enforcement \(Part III of IV\)"](#)

11. M. Mancuso, S. Mullick & A. Rapa: "Insight: Economic Sanctions and Export Controls Review Q4 2018"

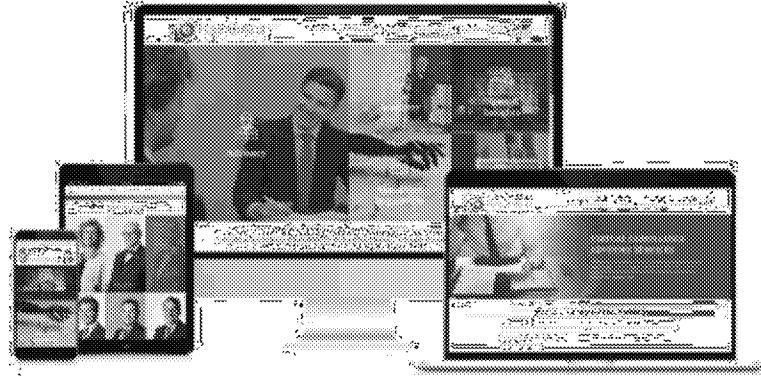
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12. ECTI Presents "United States Export Control (ITAR/EAR/OFAC)" Seminar in London on 29 Apr-2 May

**EDITOR'S NOTES**

13. Bartlett's Unfamiliar Quotations
14. Are Your Copies of Regulations Up to Date? Latest Amendments: DHS/Customs (14 Jan 2019), DOC/EAR (20 Dec 2018), DOC/FTR (24 Apr 2018), DOD/NISPOM (18 May 2016), DOE/AFAEC (23 Feb 2015), DOE/EINEM (20 Nov 2018), DOJ/ATF (26 Dec 2018), DOS/ITAR (4 Oct 2018), DOT/FACR/OFAC (15 Nov 2018), HTSUS (12 Feb 2019)
15. Weekly Highlights of the Daily Bugle Top Stories

New Website Celebration Deal:  
10% Discount on BITAR and BAFTR



  
FULL CIRCLE

ITEMS FROM TODAY'S FEDERAL REGISTER

## 1. Justice/ATF Seeks Comments on Information Collection, Manufacturers of Ammunition, Records and Supporting Data of Ammunition Manufactured and Disposed of (Source: Federal Register, 21 Feb 2019.) [Excepts.]

83 FR 5466: Agency Information Collection Activities; Proposed eCollection eComments Requested; Revision of a Currently Approved Collection; Manufacturers of Ammunition, Records and Supporting Data of Ammunition Manufactured and Disposed of

\* AGENCY: Bureau of Alcohol, Tobacco, Firearms and Explosives, Department of Justice

\* ACTION: 60-Day notice. ...

\* DATES: Comments are encouraged and will be accepted for 60 days until April 22, 2019.

\* FOR FURTHER INFORMATION CONTACT: If you have additional comments, regarding the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions, or additional information, please contact: Jason Gluck, ATF Firearms Industry Programs Branch, either by mail at 99 New York Ave. NE, Washington, DC 20226, by email at [Fipb-informationcollection@atf.gov](mailto:Fipb-informationcollection@atf.gov), or by telephone at 202-648-7190.

\* SUPPLEMENTARY INFORMATION: ...

- The Title of the Form/Collection: Manufacturers of Ammunition, Records and Supporting Data of Ammunition Manufactured and Disposed of.

- Form number (if applicable): None.

- Component: Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. Department of Justice.

- Abstract: The manufacturer's records are used by ATF in criminal investigations and compliance inspections, to fulfill the Bureau's mission to enforce the Gun Control Law. ...

If additional information is required contact: Melody Braswell, Department Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Two Constitution Square, 145 N Street NE, 3E.405A, Washington, DC 20530.

Dated: February 15, 2019.

Melody Braswell, Department Clearance Officer for PRA, U.S. Department of Justice.

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\* \* \* \* \*

## OTHER GOVERNMENT SOURCES

## 2. Items Scheduled for Publication in Future Federal Register Editions (Source: Federal Register)

\* State; NOTICES; Agency Information Collection Activities; Proposals, Submissions, and Approvals: United States Munitions List, Categories I, II and III; Correction [Publication Date: 22 February 2019.]

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### 3. Commerce/BIS: (No new postings.) (Source: [Commerce/BIS](#))

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### 4. State/DDTC: (No new postings.) (Source: [State/DDTC](#))

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### 5. Treasury/OFAC Posts Settlement with ZAG IP, LLC for Five Apparent Iranian Sanctions Violations (Source: [Treasury/OFAC](#), 21 Feb 2019.)

Today OFAC announced a \$506,250 settlement with ZAG IP, LLC (formerly known as ZAG International, LLC) ("ZAG"), a U.S. company with its business address in Newtown, Connecticut, for five apparent violations of § 560.206 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR). Specifically, between on or about July 11, 2014 and on or about January 15, 2015, through five separate transactions, ZAG purchased a total of 263,563 metric tons of Iranian-origin clinker from a company located in the United Arab Emirates, with knowledge that the cement clinker was sourced from Iran, and then resold and transported it to a company in Tanzania. OFAC determined that ZAG voluntarily self-disclosed the apparent violations to OFAC, and that the apparent violations constitute a non-egregious case.

For more information on this action, please visit the following [web notice](#).

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### 6. Singapore Customs Updates of Interest (Source: [Singapore Customs](#), 21 Feb 2019.)

Singapore Customs has released the following updates on its website:

#### *Circulars*

\* Circular No: 03/2019: [Notification of Tariff Changes](#)

## Notices

\* Notice No: 01/2019: TradeNet Extended Downtime

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## NEWS

### 7. Deutsche Welle: "UK: Germany's Saudi Arms Export Ban Jeopardizes European Defense"

(Source: Deutsche Welle, 20 Feb 2019.) [Excerpts.]

*Germany manufactures key components of European defense projects, amplifying the effect of its export bans. Britain's foreign minister has warned that the Saudi arms export ban damages common European defense policy.*

Britain has warned Germany that an arms sales ban on Saudi Arabia undermines common European defense projects and the ability of NATO allies to fulfill commitments, German magazine *Der Spiegel* reported.

Germany decided in November to stop arms exports to Saudi Arabia - one of the world's largest weapons markets - after the assassination of Saudi journalist Jamal Khashoggi at the kingdom's consulate in Istanbul.

The move came after Berlin had already put restrictions on future arms deals with Saudi Arabia due to the country's involvement in the war in Yemen. The arms sales restrictions do not impact previously approved deals, but the government has urged the industry to refrain from shipments for now. ...

Chancellor Angela Merkel indicated that Germany ought to compromise on the issue during her speech at the Munich Security Conference on Saturday, when she said that a common European defense policy would necessarily mean a common arms export policy.

In the ensuing Q&A, a French politician's question drew a suggestion from Merkel that she finds Germany's arms export controls a hindrance.

"We have, because of our history, very good reasons to have very strict arms export guidelines, but we have just as good reasons in our defense community to stand together in a joint defense policy," she said. "And if we want ... to develop joint fighter planes, joint tanks, then there's no other way but to move step-by-step towards common export controls guidelines."

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## 8. ST&R Trade Report: "GSP for India in Danger as Trade Irritants Fester"

(Source: Sandler, Travis & Rosenberg Trade Report, 21 Feb 2019.)

A growing list of trade irritants has stalled U.S.-India trade talks and could prompt the White House to narrow or suspend India's eligibility for duty-free exports to the U.S., according to press reports.

The Office of the U.S. Trade Representative is nearing the completion of a review of India's eligibility for the Generalized System of Preferences, which reduces or suspends tariffs on thousands of goods imported from developing countries. Indian exports to the U.S. of about 2,000 different products with a value of about \$5.6 billion currently qualify for duty-free treatment under GSP.

Press reports indicate that there is growing speculation that USTR could call for a change to India's GSP benefits as part of an effort to convince New Delhi to reverse course on a number of trade issues. These include tougher rules on e-commerce marketplaces, efforts to force foreign companies to store data in India, and higher import tariffs on electronic products in apparent violation of India's commitments under the World Trade Organization's Information Technology Agreement. Most recently, the U.S. joined Canada in asserting that India has exceeded WTO-allowable subsidies for producers of chickpeas, pigeon peas, black matpe, mung beans, and lentils.

However, India has concerns of its own. Officials have expressed opposition to U.S. national security-related tariff increases on steel and aluminum and threatened to impose retaliatory duties on \$240 million worth of U.S. exports, though they have delayed such action several times. Other problematic issues include tighter U.S. rules for granting visas to foreign workers and a U.S. proposal that would make it harder for India, China, and others to classify themselves as developing countries and thus obtain more flexible terms in WTO agreements.

The two sides had reportedly been working on a bilateral agreement to resolve these issues, but The Washington Post reports that talks have stalled because with key elections on the horizon "neither country is in the mood to compromise."

In the meantime, Secretary of Commerce Wilbur Ross is seeking help from the business community, calling on attendees at a recent meeting of the U.S.-India CEO Forum to address India's "new barriers to American business ... with the goal of expanding our bilateral trade and investment ties." Ross also urged the Indian government to "work with us to achieve reciprocity in trade, and to develop an equitable and level playing field for all businesses."



## COMMENTARY

### 9. B.B. Goodsell: "So You Violated Sanctions, Now What? OFAC Offers a Tutorial on Remediating Violations"

(Source: [Financial Services Perspectives](#), 18 Feb 2019.)

\* Author: Blake B. Goodsell, Esq., [bgoodsell@bradley.com](mailto:bgoodsell@bradley.com). Bradley Arant Boult Cummings LLP.

Two recent civil penalty actions by OFAC supply guidance for how entities should address sanctions violations after they are discovered.

In the first case, Kollmorgen Corporation settled civil liability for violations of Iranian sanctions for a mere \$13,381. For perspective, the maximum statutory civil monetary penalty available for the violations was \$1,500,000. So why the leniency from OFAC? The answer is swift and comprehensive remedial action. Specifically, Kollmorgen, an American company, acquired a Turkish company, Elsim. After the acquisition, Kollmorgen discovered that Elsim made sales to customers in Iran and continued to service the contracts on at least six different occasions. To make matters worse, Elsim employees actively concealed the Iranian transactions from Kollmorgen's management. Elsim also falsified records to conceal the transactions.

Having uncovered the violations through a robust due diligence program, Kollmorgen took swift, strong, and effective remedial steps that fall into four broad categories:

- *Review* - Kollmorgen's due diligence program detected the violations (notwithstanding Elsim's active suppression) in the first place. Then, having discovered the violations, Elsim implemented manual reviews of Elsim's database to detect any other violations. Kollmorgen also implemented an ethics hotline for reporting future violations.

- *Control* - In addition to firing the offending manager, Kollmorgen also required Elsim's senior management to certify on a quarterly basis that no Elsim services or products were provided to Iran. Kollmorgen also hired outside counsel to investigate the matter.

- *Education* - Kollmorgen conducted written and in-person training for Elsim employee's on Kollmorgen's trade compliance policies.

- *Blocking* - Kollmorgen took steps to block the Iranian customers from future orders.

Contrast the Kollmorgen case against a \$5,512,564 penalty against AppliChem, a German company acquired by Illinois Tool Works, Inc. There, AppliChem behaved in a similar manner to Elsim in that it actively masked blocked transactions, this time with Cuba, through an intermediary company. Although Illinois Tool Works self-reported, its response lacked the same sort of extensive preventative and remedial steps taken by Kollmorgen. AppliChem apparently lacked the robust due diligence program of Kollmorgen because it missed several red flags indicating that blocked transactions were ongoing. AppliChem also apparently failed to implement the same sort of strong remedial programs exemplified by Kollmorgen's response. OFAC's opinion of the two responses is exhibited by the divergence in the two penalties-AppliChem's penalty represents 27% of the maximum civil penalty versus the penalty against Kollmorgen, which represents less than 1% of the possible penalty.

The message is clear-organizations that act proactively, swiftly, and decisively in response to discovery of likely sanctions will be granted greater lenience than those organizations that do not.

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10. J. Alison Lee, A. Smith, P. Doris: "2018 Year-End Sanctions Update: European Union Developments and Enforcement (Part III of IV)"  
(Source: [Gibson Dunn](#), 11 Feb 2019.)

\* Authors: Judith Alison Lee, Co-Chair, International Trade Practice, [jalee@gibsondunn.com](mailto:jalee@gibsondunn.com); Adam Smith, Esq., [asmith@gibsondunn.com](mailto:asmith@gibsondunn.com); and Patrick Doris, Esq., [pdoris@gibsondunn.com](mailto:pdoris@gibsondunn.com). All of Gibson Dunn.

*[Part II was published in yesterday's Daily Bugle.]*

### **(III) EUROPEAN UNION DEVELOPMENTS AND ENFORCEMENT**

In 2018, the European Union ("EU") broadly stayed the course it set in 2017 and modestly extended the scope of its sanctions programs on Iran and Russia. Additional sanctions were adopted, namely with respect to Venezuela and Mali.

The most significant sanctions-related development this year at the EU level has been that, following the unilateral withdrawal of the United States from the JCPOA, the so-called "EU Blocking Statute" was expanded, prohibiting EU nationals from complying with requirements or prohibitions contained in those sanctions or applied by means of rulings under those sanctions. While there has not been enforcement action to date, the first lawsuits and judgments making reference to the EU Blocking Statute have begun to emerge. This divergence between U.S. and EU policy on Iran sanctions has caused and is likely to cause in the future significant compliance hurdles for multinational companies.

## **(A) Legislative Developments**

### *(1) Iran*

In response to the U.S. decision to abandon the JCPOA, on August 6, 2018 the European Union enacted Commission Delegated Regulation (EU) 2018/1100 (the "Re-imposed Iran Sanctions Blocking Regulation"), which amended the EU Blocking Statute. The EU Blocking Statute is a 1996 European Commission Regulation (EC) No 2271/96 that was designed as a countermeasure to what the EU considers to be the unlawful effects of third-country (primarily U.S.) extra-territorial sanctions on "EU operators." The combined effect of the EU Blocking Statute and the Re-imposed Iran Sanctions Blocking Regulation is to prohibit compliance by EU entities with U.S. sanctions which have been re-imposed following the U.S. withdrawal from the JCPOA.

The EU Blocking Statute applies to a wide range of actors including:

- any natural person being a resident in the EU and a national of an EU Member State;
- any legal person incorporated within the EU;
- any national of an EU Member State established outside the EU and any shipping company established outside the EU and controlled by nationals of an EU Member State, if their vessels are registered in that EU Member State in accordance with its legislation;
- any other natural person being a resident in the EU, unless that person is in the country of which he or she is a national; and
- any other natural person within the EU, including its territorial waters and air space and in any aircraft or on any vessel under the jurisdiction or control of an EU Member State, acting in a professional capacity.

Accompanying the Blocking Statute, the EU issued a *Guidance Note: Questions and Answers: adoption of update of the Blocking Statute*, which notes that subsidiaries of U.S. companies formed in accordance with the law of an EU Member State and having their registered office, central administration or principal place of business within the EU are subject to the EU Blocking Statute; although mere branch offices of U.S. companies, without separate legal personality, are not.

The EU Blocking Statute requires (Article 2) parties to which it applies whose economic and/or financial interests are affected, directly or indirectly, by certain extra-territorial U.S. sanctions laws (including those re-imposed in 2018) or by actions based thereon or resulting therefrom, to inform the European Commission accordingly within 30 days from the date on which it obtained such information. With respect to companies, this obligation applies to the directors, managers and other persons with management responsibilities. We refer to this as the "Notification Obligation."

The EU Blocking Statute also prohibits (Article 5) EU operators from complying, whether directly or through a subsidiary or intermediary, and

whether actively or by omission, with any prohibition or requirement contained in a set of specific extra-territorial laws or any decisions, rulings, or awards based on those laws. However, the EU Blocking Statute does also provide for authorization to engage in such activities.

The U.S. sanctions laws to which the EU Blocking Statute applies are explicitly listed, and include six U.S. sanctions laws and one set of U.S. regulations (OFAC's Iranian Transactions and Sanctions Regulations).

The Blocking Statute entered into effect on August 7, 2018 and does not allow for any grandfathering of pre-existing contracts or agreements. The EU Guidance noted above indicates that EU operators are prohibited from even requesting a license from the United States to maintain compliance with U.S. sanctions. Requesting such permission-without first seeking authorization from the European Commission or a competent authority in a Member State to apply for it-is tantamount to complying with U.S. sanctions.

The Blocking Statute also provides that decisions rendered in the United States or elsewhere made due to the extraterritorial measures blocked by the EU Blocking Statute cannot be implemented in the EU. This means, for instance, that any court decision made in light of the extraterritorial measures cannot be executed in the EU, even under existing mutual recognition agreements.

Finally, the EU Blocking Statute allows EU operators to recover damages arising from the application of the extraterritorial measures. Though it is unspecified how this would work under the various laws of the EU member states, it appears to allow an EU operator suffering damages because of a company's compliance with the U.S. sanctions to assert monetary damage claims. For instance, if a European company has a contract to provide certain goods to Iran, non-fulfillment of that contract to comply with U.S. sanctions would be a violation of the Blocking Statute. However, if some of the European company's goods are supplied from companies that decided to comply with U.S. sanctions and, therefore, refuse to further supply these goods, this may result in the European company not being able to meet its obligations vis-à-vis its Iranian customer. In such a case, the Iranian company could sue the European company for breach of contract, and the European operator could in turn sue its supplier for the damages caused due to the supplier's compliance with the extraterritorial U.S. sanctions.

We have described the generally available possible options for affected companies [here](#).

As an EU Regulation, the EU Blocking Statute is directly applicable in the courts of any Member State without the need for domestic implementing legislation. However, it is the competent domestic authorities of the EU Member States (not the European Commission) that are responsible for the enforcement of the EU Blocking Statute, including implementation of penalties for possible breaches. Such penalties are laid down in national legislation and vary by Member State. Some EU member states have in place, or have introduced, criminal offences applicable to violations of the

EU Blocking Statute (notably the UK, Ireland and Germany); others maintain administrative penalties, but not criminal offences (notably Spain and Italy). Certain member states, notably France and Belgium, appear not to have introduced legislation to implement the EU Blocking Statute.

## *(2) Russia*

Since March 2014, the EU has progressively imposed EU Economic and EU Financial Sanctions against Russia. The EU Russia Sanctions were adopted in response to deliberate destabilization of (particularly Eastern) Ukraine and the annexation of Crimea.

EU Russia Economic Sanctions include an arms embargo, an export ban for dual-use goods for military use or military end users in Russia, limited access to EU primary and secondary capital markets for major Russian majority state-owned financial institutions and major Russian energy companies, and limited Russian access to certain sensitive technologies and services that can be used for oil production and exploration.

In particular, in broad alignment with U.S. sanctions, EU Russia Economic Sanctions prohibit the sale, supply, transfer, or export of products to any person in Russia for oil and natural gas exploration and production in waters deeper than 150 meters, in the offshore area north of the Arctic Circle and for projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing. The provision of associated services (such as drilling or well testing) is also prohibited, while authorization must be sought for the provision of technical assistance, brokering services, and financing relating to the above.

However, there are certain noteworthy differences in the nuances. The above-detailed latest round of U.S. Russia Sectoral Sanctions due to CAATSA have created some disparities between the U.S. and the EU regimes. The EU Russia Economic Sanctions are currently in place until July 31, 2019. Also, the EU Russia Financial Sanctions were further extended in September 2018 until March 15, 2019. As of now, 164 people and 44 entities are subject to a respective asset freeze and travel ban.

For those subject to EU Financial Sanctions, EU member states may authorize the release of certain frozen funds or economic resources to satisfy the persons and their dependents' basic needs, for payment of reasonable professional fees, for payment for contracts concluded before the sanction and for claims secured to an arbitral decision rendered prior to the sanction.

In a recent development, the EU on January 21, 2018 targeted with EU Financial Sanctions two senior Russian military intelligence officials and two of their officers accused of the poisoning of a former Russian double agent in Britain, Mr. Skripal, and his daughter.

The EU still does not recognize the annexation of Crimea and Sevastopol by Russia, and the EU imposed broad sanctions against these territories in

2014. The EU Crimea Sanctions included an import ban on goods from Crimea and Sevastopol, broad restrictions on trade and investment related to economic sectors and infrastructure projects in Crimea and Sevastopol, an export ban for certain goods and technologies to Crimea and Sevastopol and a prohibition to supply tourism services in Crimea or Sevastopol. On June 18, 2018, the EU Council extended the EU Crimea Sanctions until June 23, 2019. These restrictions are similar to those in place in the United States.

### *(3) Venezuela*

Following the U.S. lead on Venezuela sanctions, on November 13, 2017, the EU had decided to impose an arms embargo on Venezuela, and also to introduce a legal framework for travel bans and asset freezes against those involved in human rights violations and non-respect for democracy or the rule of law. Subsequently, on January 22, 2018, the EU published an initial list of seven individuals subject to these sanctions.

On June 25, 2018, the EU added an additional eleven individuals holding official positions to the EU Venezuela Financial Sanctions for human rights violations and for undermining democracy and the rule of law in Venezuela.

Though these measures are not yet as severe as U.S. measures on Venezuela-and the EU stated that the sanctions can be reversed if Venezuela makes progress on these issues- the Council was also explicit previously in its warning that the sanctions may be expanded if the situation worsens.

On November 11, 2018, the EU Venezuela Sanctions were prolonged until November 14, 2019.

### *(4) North Korea*

As noted in last year's sanction update and above with respect to U.S. measures, the events on the Korean Peninsula in 2017 also gave rise to significant new EU measures against North Korea. While the first half saw a further increase in EU North Korea Financial and Economic Sanctions, the second half of 2018 eased some of the tension due to, *inter alia*, high-level meetings between South and North Korean, the United States, and China, without however (yet) changing the EU North Korea Sanctions Framework.

On January 8, 2018, the EU Council added 16 persons and one entity to the EU North Korea Financial Sanctions, making them subject to an asset freeze and travel restrictions. This decision implemented a part of the sanctions imposed by the UN Security Council on December 22, 2017 with resolution 2397 (2017).

On January 22, 2018, the EU Council autonomously added 17 citizens of the DPRK to the EU North Korea Financial Sanctions, due to their involvement in illegal trade activities and activities aimed at facilitating the evasion of sanctions imposed by the UN.

On February 26, 2018, the EU implemented further UN Security Council resolution 2397 (2017) and accordingly expanded its EU North Korea Economic Sanctions regime and strengthened the export ban on North Korean refined petroleum products by reducing the amount of barrels that North Korea may export from two million barrels to 500,000 barrels per year; banned imports of North Korean food and agricultural products, machinery, electrical equipment, earth, stone, and wood; banned exports to North Korea of all industrial machinery, transportation vehicles as well as iron, steel, and other metals; introduced further sanctions against vessels where there are reasonable grounds to believe that the vessel has been involved in the breach of UN sanctions; and demanded the repatriation of all North Korean workers abroad within 24 months.

On April 6, 2018, the EU added one person and 21 entities to the EU North Korea Financial Sanctions, implementing a decision of March 30, 2018 by the UN Security Council Committee. Also, the EU has implemented the asset freeze targeting 15 vessels, the port entry ban on 25 vessels and the de-flagging of 12 vessels.

On April 19, 2018, the EU-in yet another round of autonomous EU North Korea Sanctions-added four persons to the EU North Korean Financial Sanctions. The four individuals were targeted due to their involvement in financial practices suspected of contributing to the nuclear-related, ballistic-missile-related or other weapons of mass destruction-related programs of North Korean.

By the end of 2018, accordingly, 59 individuals and 9 entities were designated autonomously by EU North Korea Financial Sanctions; and in addition, 80 individuals and 75 entities are subject to EU Financial Sanctions due to the implementation of respective sanctions of the UN.

#### *(5) Mali*

On September 28, 2017, the European Union Council Decision (CFSP) 2017/1775 implemented UN Resolution 2374 (2017), which imposes travel bans and assets freezes on persons who are engaged in activities that threaten Mali's peace, security, or stability. Interestingly, the imposition of this regime was requested by the Malian Government, due to repeated ceasefire violations by militias in the north of the country. Affected persons will be determined by a new Security Council committee, which has been set up to implement and monitor the operation of this new regime, and will be assisted by a panel of five experts appointed for an initial 13-month period. For a long time no individuals were actually designated.

On December 20, 2018, the Security Council Committee added three individuals to its Mali sanctions list: Ahmoudou Ag Asriw, Mahamadou Ag Rhissa, and Mohamed Ousmane Ag Mohamedoune. Each of them were targeted with a travel ban.

On January 10, 2019, the EU implemented these UN listings in respective EU Mali sanctions by Council Implementing Decision (CFSP) 2019/29. As a

result of this implementation, the above-mentioned individuals will now be subject to EU-wide travel bans.

## **(B) Judgments**

### *(1) Mamancochet Mining V Aegis*

On October 12, 2018, the High Court handed down a judgment making reference to the EU Blocking Statute. The case, which involved a non-U.S. subsidiary of a U.S. insurance entity, could provide importance guidance for U.S. companies and their EU, or at least UK, subsidiaries.

The case arose from a dispute between UK-based insurers that are owned or controlled by U.S. persons and their customer, regarding the scope of contractual provisions excusing the parties from performance if transactions pursuant to the contract created sanctions exposure. The insured had submitted a claim under its marine insurance contract to recover the cost of goods stolen in Iran. The insurance underwriters asserted they were not required to pay that Iran-related claim pursuant to a provision in the insurance contract excusing performance if "payment...would expose that insurer to any sanction, prohibition or restriction" under applicable sanctions.

The court held that, prior to the revocation of General License H on November 4, payment of a valid claim by the insured did not "expose" the insurers to sanctions because it would not breach applicable sanctions. While General License H was in effect, non-U.S. subsidiaries of U.S. entities would not be prohibited from engaging in such transactions. These transactions would have only breached sanctions-and therefore created sanctions exposure-after November 4, when non-U.S. subsidiaries of U.S. persons were no longer generally authorized to engage in transactions involving Iran. For the UK Commercial Court, conduct creating the risk of sanctions exposure-rather than actual exposure through breach of applicable restrictions-did not excuse the insurers' performance. Had the insurers wanted to suspend performance when faced only with risk of sanctions exposure, the court suggests they could have expressly indicated that performance would be excused if "payment...would expose that insurer to any risk of being sanctioned."

The case suggests that insurance providers and brokerages, should be precise and comprehensive when describing the sanctions-related circumstances that trigger suspension or excuse-of-performance clauses and must describe clearly the effect of such provisions when triggered. These clauses must also clearly describe the effect of their invocation. In this case, the contract provided that "no (re)insurer shall be liable to pay any claim . . . to the extent that the provision of such . . . claim . . . would expose that (re)insurer" to applicable sanctions. The court found this provision would only suspended the insurers' payment obligations, rather than terminate them. This suggests that, just as insurers should be precise in describing the circumstances that trigger these excuse-of-performance clauses, they must also be precise in describing the effect of those provisions when they are triggered.



In this case, the insured also sought to rely upon the EU Blocking Regulation in the event that the insurance underwriters were otherwise entitled to rely upon the sanctions clause to resist payment. While this issue did not arise for determination, the court noted, rather than held, that considerable force was inherent in the argument that the EU Blocking Regulation is not engaged where the insurer's liability to pay a claim is suspended under a sanctions clause such as the one in the policy at hand. In such a case, the court noted, the insurer is not "complying" with a third country's prohibition but is simply relying upon the terms of the policy to resist payment.

## *(2) EU Blocking Statute Challenge by Rotenberg*

In October, Russian oligarch Boris Rotenberg filed a law suit with the Helsinki District Court against Nordea, Danske Bank and Svenska Handelsbanken. Rotenberg claims that the banks refused to provide certain services in order to comply with secondary U.S. sanctions. The case is pending.

## **(C) Enforcement**

### *(1) France*

In France, "l'affaire Lafarge" remains the most prominent enforcement action. In June 2018, the French judiciary initiated a formal investigation to examine whether **LafargeHolcim** had paid nearly \$13 million to the Islamic State to protect one of its cement plants in Syria. The corporation as a legal entity has been charged by a panel of three French judges appointed by the Paris High Court with violating the European embargo on oil purchases. In addition, the charges also include financing a terrorist organization, endangering the lives of former employees and complicity in crimes against humanity.

### *(2) Belgium*

Belgian authorities started prosecution of three Belgian companies **AAE Chemie**, **Anex Customs** and **Danmar Logistics** and two of their managers. Allegedly, the firms exported chemicals used to produce sarin gas to Syria without applying for the necessary export licenses. Prior to the proceedings, the Belgian Finance Ministry had offered a financial settlement but the companies refused. The trial started in Antwerp in May 2018, a verdict is expected for January 2019.

### *(3) Germany*

The German government is facing resistance against its recent decision to halt arms exports to Saudi Arabia. While not based on EU sanctions, but rather based on a political decision, the result for German defense suppliers remains the same. German defense suppliers recently announced a plan to sue for damages resulting from the ban of all arms exports to Saudi Arabia.

The ban was established in November 2018 after details about the murder of journalist Jamal Khashoggi surfaced. The restrictions apply to exports that had previously been approved by the German government.

#### *(4) The United Kingdom*

There have been a number of enforcement actions in respect of sanctions and export control violations completed in 2018, the two most significant of which are:

(i) terms of imprisonment ranging from six months suspended (on a married couple associated with a small UK company Pairs Aviation) to 2½ years in respect of UK businessman, Alexander George, convicted of exporting certain military aircraft items to Iran, through companies in a number of jurisdictions, including Malaysia and Dubai; and

(ii) the imposition by the Financial Conduct Authority in June 2018 of a financial penalty of almost £900,000 (reduced by 30 percent on account of early settlement) on Canara Bank for systems and controls inadequacies relating, *inter alia*, to sanctions. This matter related to that institution's trade finance operations.

There were also three prosecutions of UK companies in 2018 in respect of unlicensed exports of military or dual-use goods, including chemicals and metals, with relatively modest fines imposed.

*[Part IV will be published in tomorrow's Daily Bugle.]*

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11. M. Mancuso, S. Mullick & A. Rapa: "Insight: Economic Sanctions and Export Controls Review Q4 2018"  
(Source: [Bloomberg Law](#), 15 Feb 2019.) [Excerpts.]

\* Author: Mario Mancuso, Esq., [mario.mancuso@kirkland.com](mailto:mario.mancuso@kirkland.com); Sanjay Mullick, Esq., [sanjay.mullick@kirkland.com](mailto:sanjay.mullick@kirkland.com); and Anthony Rapa, Esq., [anthony.rapa@kirkland.com](mailto:anthony.rapa@kirkland.com). All of Kirkland & Ellis.

Several important legislative, regulatory, and enforcement updates took place related to economic sanctions and export controls for the fourth quarter of 2018. These actions, and what they may indicate about trends and takeaways heading into 2019, are discussed below.

#### **The View from Washington: Eye on Trends, Compliance Takeaways**

- As 2019 unfolds, both U.S. and non-U.S. companies can expect greater scrutiny from the U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) and the U.S. Department of Commerce Bureau of Industry and Security (BIS), including U.S. companies with foreign subsidiaries that

may have activities with a sanctioned country nexus and non-U.S. companies that may be sourcing goods from U.S. supply chains.

- OFAC continues to prioritize safeguarding the U.S. financial system from deceptive practices such as misleading payment instructions, underscoring the importance that all communications with these institutions be accurate, complete, and transparent.

- BIS is initiating a revamping of hi-tech export controls mandated by Congress, making it important for companies to understand the export control status of their products and technologies before engaging in market opportunities with international customers and co-developing with foreign partners.

- Effective sanctions compliance programs must address risks that arise not only from dealings with listed parties, but from those subject to sanctions by virtue of their ownership or location in sanctioned geographies.

- Given successor liability, sanctions and export controls violations and risk factors identified in the course of acquisition due diligence can trigger negotiation between buyer and seller and lead to risk mitigation measures such as voluntary self-disclosures in connection with the transaction. ...

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## EX/IM TRAINING EVENTS & CONFERENCES

12. ECTI Presents "United States Export Control (ITAR/EAR/OFAC)" Seminar in London on 29 Apr-2 May  
(Source: Jill Kincaid, [jill@learnexportcompliance.com](mailto:jill@learnexportcompliance.com))

- \* What: United States Export Control (ITAR/EAR/OFAC) Seminar Series in London (for EU, UK and other non-US Companies)

- \* When: ITAR Seminar: April 29-April 30, 2019; EAR/OFAC Seminar: May 1-2, 2019

- \* Where: London, Hilton London Olympia, 380 Kensington High Street, London

- \* Sponsor: Export Compliance Training Institute (ECTI)

- \* ECTI Speaker Panel: Scott Gearity, Greg Creeser, Marc Binder, Melissa Proctor and Stephan Müller

- \* Register: [Here](#), or Jessica Lemon, 540-433-3977, [jessica@learnexportcompliance.com](mailto:jessica@learnexportcompliance.com)

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## EDITOR'S NOTES

### 13. Bartlett's Unfamiliar Quotations

(Source: Editor)

\* **W. H. Auden** (Wystan Hugh Auden; 21 Feb 1907 - 29 Sep 1973; was an English-American poet. Auden's poetry was noted for its stylistic and technical achievement, its engagement with politics, morals, love, and religion, and its variety in tone, form and content.)

- *"You owe it to all of us all get on with what you're good at."*
- *"In times of joy, all of us wished we possessed a tail we could wag."*
- *"Among those whom I like or admire, I can find no common denominator, but among those whom I love, I can: all of them make me laugh."*

\* **John Henry Newman** (21 Feb 1801 - 11 Aug 1890; was a theologian and poet, first an Anglican priest and later a Catholic priest and cardinal, who was an important and controversial figure in the religious history of England in the 19th century.)

- *"Nothing would be done at all if one waited until one could do it so well that no one could find fault with it."*

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### 14. Are Your Copies of Regulations Up to Date?

(Source: Editor)

\* DHS CUSTOMS REGULATIONS: 19 CFR, Ch. 1, Pts. 0-199. Implemented by Dep't of Homeland Security, U.S. Customs & Border Protection.

- Last Amendment: 14 Jan 2019: 84 FR 112-116: Extension of Import Restrictions Imposed on Certain Archaeological and Ecclesiastical Ethnological Material from Bulgaria; and 84 FR 107-112: Extension of Import Restrictions Imposed on Certain Archaeological Material From China

\* DOC EXPORT ADMINISTRATION REGULATIONS (EAR): 15 CFR Subtit. B, Ch. VII, Pts. 730-774. Implemented by Dep't of Commerce, Bureau of Industry & Security.

- Last Amendment: 20 Dec 2018: 83 FR 65292-65294: Control of Military Electronic Equipment and Other Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML); Correction [Concerning ECCN 7A005 and ECCN 7A105.]

\* DOC FOREIGN TRADE REGULATIONS (FTR): 15 CFR Part 30. Implemented by Dep't of Commerce, U.S. Census Bureau.

- Last Amendment: 24 Apr 2018: 83 FR 17749-17751: Foreign Trade Regulations (FTR): Clarification on the Collection and Confidentiality of Kimberley Process Certificates
- HTS codes that are not valid for AES are available [here](#).
- The latest edition (1 Jan 2019) of *Bartlett's Annotated FTR* ("BAFTR"), by James E. Bartlett III, is available for downloading in Word format. The BAFTR contains all FTR amendments, FTR Letters and Notices, a large Index,

and approximately 250 footnotes containing case annotations, practice tips, Census/AES guidance, and explanations of the numerous errors contained in the official text. Subscribers receive revised copies in Microsoft Word every time the FTR is amended. The BAFTR is available by annual subscription from the Full Circle Compliance [website](http://www.FullCircleCompliance.eu). BITAR subscribers are entitled to a 25% discount on subscriptions to the BAFTR. Government employees (including military) and employees of universities are eligible for a 50% discount on both publications at [www.FullCircleCompliance.eu](http://www.FullCircleCompliance.eu).

\* DOD NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL (NISPOM): DoD 5220.22-M. Implemented by Dep't of Defense.

- Last Amendment: 18 May 2016: Change 2: Implement an insider threat program; reporting requirements for Cleared Defense Contractors; alignment with Federal standards for classified information systems; incorporated and cancelled Supp. 1 to the NISPOM (Summary [here](#).)

\* DOE ASSISTANCE TO FOREIGN ATOMIC ENERGY ACTIVITIES: 10 CFR Part 810; Implemented by Dep't of Energy, National Nuclear Security Administration, under Atomic Energy Act of 1954.

- Last Amendment: 23 Feb 2015: 80 FR 9359, comprehensive updating of regulations, updates the activities and technologies subject to specific authorization and DOE reporting requirements. This rule also identifies destinations with respect to which most assistance would be generally authorized and destinations that would require a specific authorization by the Secretary of Energy.

\* DOE EXPORT AND IMPORT OF NUCLEAR EQUIPMENT AND MATERIAL; 10 CFR Part 110; Implemented by Dep't of Energy, U.S. Nuclear Regulatory Commission, under Atomic Energy Act of 1954.

- Last Amendment: 20 Nov 2018, 10 CFR 110.6, Re-transfers.

\* DOJ ATF ARMS IMPORT REGULATIONS: 27 CFR Part 447-Importation of Arms, Ammunition, and Implements of War. Implemented by Dep't of Justice, Bureau of Alcohol, Tobacco, Firearms & Explosives.

- Last Amendment: 15 Jan 2016: 81 FR 2657-2723: Machineguns, Destructive Devices and Certain Other Firearms; Background Checks for Responsible Persons of a Trust or Legal Entity With Respect To Making or Transferring a Firearm.

\* DOS INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR): 22 C.F.R. Ch. I, Subch. M, Pts. 120-130. Implemented by Dep't of State, Directorate of Defense Trade Controls.

- Last Amendment: 4 Oct 2018: 83 FR 50003-50007: Regulatory Reform Revisions to the International Traffic in Arms Regulations.

- The only available fully updated copy (latest edition: 1 Jan 2019) of the ITAR with all amendments is contained in *Bartlett's Annotated ITAR* ("BITAR"), by James E. Bartlett III. The BITAR contains all ITAR amendments to date, plus a large Index, over 800 footnotes containing amendment histories, case annotations, practice tips, DDTC guidance, and explanations of errors in the official ITAR text. Subscribers receive updated copies of the BITAR in Word by email, usually revised within 24 hours after

every ITAR amendment. The BITAR is available by annual subscription from the Full Circle Compliance [website](#). BAFTR subscribers receive a \$25 discount on subscriptions to the BITAR, please [contact us](#) to receive your discount code.

\* [DOT FOREIGN ASSETS CONTROL REGULATIONS \(OFAC FACR\)](#): 31 CFR, Parts 500-599, Embargoes, Sanctions, Executive Orders.

Implemented by Dep't of Treasury, Office of Foreign Assets Control.

- Last Amendment: 15 Nov 2018: [83 FR 57308-57318](#): Democratic Republic of the Congo Sanctions Regulations

\* [USITC HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES \(HTS, HTSA or HTSUSA\)](#), 1 Jan 2019: 19 USC 1202 Annex. Implemented by U.S. International Trade Commission. ("HTS" and "HTSA" are often seen as abbreviations for the Harmonized Tariff Schedule of the United States Annotated, shortened versions of "HTSUSA".)

- Last Amendment: 12 Feb 2019: [Harmonized System Update 1901](#) [contains 397 ABI records and 89 harmonized tariff records.]

- HTS codes for AES are available [here](#).

- HTS codes that are not valid for AES are available [here](#).

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## 15. Weekly Highlights of the Daily Bugle Top Stories

(Source: Editor)

Review last week's top Ex/Im stories in "Weekly Highlights of the Daily Bugle Top Stories" published [here](#).

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## EDITORIAL POLICY

\* The Ex/Im Daily Update is a publication of FCC Advisory B.V., compiled by: Editor, James E. Bartlett III; Assistant Editors, Alexander P. Bosch and Vincent J.A. Goossen; and Events & Jobs Editor, Alex Witt. The Ex/Im Daily Update is emailed every business day to approximately 6,500 readers of changes to defense and high-tech trade laws and regulations. We check the following sources daily: Federal Register, Congressional Record, Commerce/AES, Commerce/BIS, DHS/CBP, DOE/NRC, DOJ/ATF, DoD/DSS, DoD/DTSA, FAR/DFARS, State/DDTC, Treasury/OFAC, White House, and similar websites of Australia, Canada, U.K., and other countries and international organizations. Due to space limitations, we do not post Arms Sales notifications, Denied Party listings, or Customs AD/CVD items.

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**From:** Jim Bartlett, Full Circle Compliance ("FCC") [jebartlett@fullcirclecompliance.eu]  
**Sent:** 2/22/2019 8:22:21 PM  
**To:** Abraham, Liz (Federal) [LAbraham@doc.gov]  
**Subject:** 19-0222 Friday "Daily Bugle"

# THE DAILY BUGLE

Friday, 22 February 2019

The Daily Bugle is a free daily newsletter from Full Circle Compliance, containing changes to export/import regulations (ATF, DOE/NRC, Customs, NISPOM, EAR, FACR/OFAC, FAR/DFARS, FTR/AES, HTSUS, and ITAR), plus news and events. [Subscribe here](#) for free subscription. [Contact us](#) for advertising inquiries and rates.

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## ITEMS FROM TODAY'S FEDERAL REGISTER

### 1. State Publishes Correction Concerning Information Collections Related to the USML Categories I, II, and II (Source: Federal Register, 22 Feb 2019.)

84 FR 5802: Notice of Information Collection Under OMB Emergency Review: Three Information Collections Related to the United States Munitions List, Categories I, II and III; Correction

\* ACTION: Notice of request for emergency OMB approval and public comment; correction.

\* SUMMARY: The Department of State published a Federal Register Notice on February 12, 2019, notifying the public of the Emergency processing and approval of this collection by April 1, 2019. The Notice using Docket Number: DOS-2018-0063 contained an incorrect date when all comments must be received. This document corrects the date to March 14, 2019.

\* FOR FURTHER INFORMATION CONTACT: Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents to Andrea Battista who may be reached on 202-663-3136 or at [battistaal@state.gov](mailto:battistaal@state.gov).

#### *Correction*

In the Federal Register, published on February 12, 2019, in FR Doc. 2019-01983, on page 3528, in the first column, the correct date when all comments must be received is March 14, 2019.

Anthony M. Dearth, Chief of Staff, Directorate of Defense Trade Controls, Department of State.

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## OTHER GOVERNMENT SOURCES

### 2. Items Scheduled for Publication in Future Federal Register Editions (Source: Federal Register)

\* U.S. Customs and Border Protection; NOTICES; Agency Information Collection Activities; Proposals, Submissions, and Approvals: Protest [Pub. Date: 25 Feb 2019.]

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### 3. Commerce/BIS: (No new postings.) (Source: [Commerce/BIS](#))

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### 4. Commerce/Census: "Tips on How to Resolve AES Fatal Errors" (Source: [census@subscriptions.census.gov](mailto:census@subscriptions.census.gov), 21 Feb 2019.)

When a shipment is filed to the AES, a system response message is generated and indicates whether the shipment has been accepted or rejected. If the shipment is accepted, the AES filer receives an Internal Transaction Number (ITN) as confirmation. However, if the shipment is rejected, a Fatal Error notification is received.

To help you resolve AES Fatal Errors, here are some tips on how to correct the most frequent errors that were generated in AES for this month.

#### **Fatal Error Response Code: 138**

- Narrative: Port of Unlading Missing
- Reason: The Port of Unlading Code is missing. All vessel shipments, and any air shipments between the United States and Puerto Rico must provide a Port of Unlading Code.
- Resolution: The Port of Unlading Code is the foreign port where the exported merchandise is unloaded from the exporting carrier. Report a valid Port of Unlading Code for all vessel shipments, and any air shipments between the United States and Puerto Rico. Verify the Port of Unlading Code, correct the shipment and resubmit.

#### **Fatal Error Response Code: 539**

- Narrative: Shipping Weight Must be Zero for MOT
- Reason: The Mode of Transportation Code is not Vessel, Rail, Truck or Air and the Shipping Weight is not reported as zeros.
- Resolution: When the Mode of Transportation is other than Vessel, Rail, Truck or Air and the Export Information Code is not HH for household goods, the Shipping Weight must be zero. Verify the Mode of Transportation and Shipping Weight, correct the shipment and resubmit.

For a complete list of Fatal Error Response Codes, their reasons, and resolutions, see [Appendix A - Commodity Filing Response Messages](#).

It is important that AES filers correct Fatal Errors as soon as they are received in order to comply with the Foreign Trade Regulations. These errors must be corrected prior to export for shipments filed predeparture and as soon as possible for shipments filed postdeparture but not later than five calendar days after departure.

For further information or questions, contact the U.S. Census Bureau's Data Collection Branch.

Telephone: (800) 549-0595, select option 1 for AES

- Email: [askaes@census.gov](mailto:askaes@census.gov)
- Online: [www.census.gov/trade](http://www.census.gov/trade)
- Blog: [blogs.census.gov/globalreach](http://blogs.census.gov/globalreach)

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## 5. DHS/CBP Posts Latest Drawback Trade Issue Tracker Document

(Source: [CSMS #19-000083](#), 22 Feb 2019.)

[Here](#) is the latest Drawback Trade Issue Tracker document. As a reminder, questions relating to policy for Drawback should be emailed to the OT Drawback inbox at [OTDRAWBACK@cbp.dhs.gov](mailto:OTDRAWBACK@cbp.dhs.gov).

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## 6. State/DDTC: (No new postings.)

(Source: [State/DDTC](#))

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## 7. Dutch Government Publishes Updated ICP Guidelines

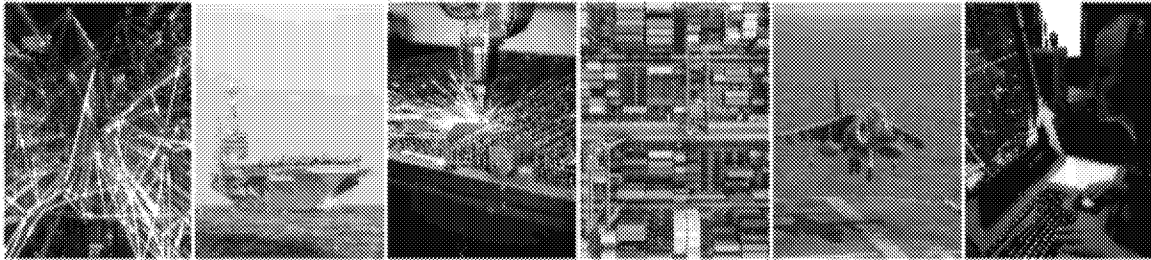
(Source: [Rijksoverheid](#), 22 Feb 2019.)

The Dutch government has published on its website an updated version (1.1.) of its guidelines for compiling an Internal Compliance Program for strategic Goods, torture goods, technology, and sanctions.

- Click [here](#) for the English version (PDF).
- Click [here](#) for the Dutch version (PDF).

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## U.S. Export Controls: ITAR & EAR from a non-U.S. Perspective

Tuesday, 9 April 2019  
Bruchem, The Netherlands

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### NEWS

#### 8. ADM: "Review Rejects Defence Push for Greater Export Control"

(Source: [Australian Defence Magazine](#), 21 Feb 2019.)

The review of the Defence Trade Controls Act (DTCA) 2012 has been released.

Established in April 2018, the review was conducted by Dr Vivienne Thom, a former Inspector-General of Intelligence and Security. Dr Thom assessed whether the DTCA "provides appropriate levels of regulation and security for controlled technologies; aligns with international best practice for export controls; and is not unnecessarily restricting trade, research and international collaboration."

The review found that whilst stakeholders were generally pleased with administration of the DTCA, an increase in processing times put collaboration and negotiations at risk. Dr Thom also highlighted the need for Defence to better raise awareness of the DTCA's existence, particularly to SMEs and researchers.

Crucially, the review rejected the recommendations set out in Defence's submission: "The review recognises that changes in the national security

environment require that the legislation be amended in order for it to remain effective, but does not support the broad approach implied by the recommendations in the Defence submission."

Dr Thom, however, "was also persuaded that Defence should be given appropriate powers to monitor compliance or to effectively investigate suspected non-compliance, to determine whether cases should be referred to the Australian Federal Police."

Dr Thom's findings were drawn from 75 written submissions and personal meetings with stakeholders from government, industry, universities, and peak bodies. Defence has expressed support for all nine recommendations.

The review was welcomed by universities and the scientific community.

Australian Academy of Science President Professor John Shine said that the review confirmed the original intent of the DCTA to balance Australia's international trade and security obligations with the need for researchers to engage collaboratively with partners around the world.

"The Academy of Science was very concerned at proposals put forward by defence officials in 2015 to introduce sweeping new powers to restrict the international exchange of knowledge and ideas," Professor Shine said.

"Further restrictions would effectively have limited Australian researchers' ability to engage in international research collaboration and to benefit as a nation from the many international research collaborations and expertise on which a substantial proportion of our economy relies.

"We're very pleased that these concerns have been heard and believe that the recommendations in the review strike the right balance in Australia's national interests."

"The Group of Eight Universities was dismayed and concerned with the Defence Department's submissions for extended powers," chief executive Vicki Thomson said.

"It went against everything that made the Defence Trade Controls Act such a sensible and workable piece of legislation."

"Importantly, Defence Minister Christopher Pyne has supported Dr Thom's considered views," she said. "For the Go8 that is a win for common sense."

"The Coalition Government recognises the importance of strong protections against the transfer of critical military technology which can pose a pressing threat to the security and defence of Australia," Minister for Defence Christopher Pyne said.

"It is also important, as the review has highlighted, that any future amendments do not unnecessarily restrict trade, research and international

collaboration and impede on the development of Australia's defence capability."

Dr Thom has now been engaged to lead a consultation phase to develop legislative proposals.

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## 9. The Epoch Times: "Chinese Physicist Who Won Major Science Prize Denied US Visa to Receive Award"

(Source: [The Epoch Times](#), 21 Feb 2019.) [Excerpts.]

Pan Jianwei, a Chinese quantum physicist who was part of a research team to win a top science prize, was denied a travel visa to attend the award ceremony held in the United States.

Chinese state-run broadcaster CGTN first reported on Feb. 16 that Pan's U.S. visa application was under "administrative processing," preventing Pan from receiving the Newcomb Cleveland Prize at a ceremony held in Washington on Feb. 14.

While it's unclear why the U.S. authorities did not grant him the visa, Pan was recruited under Beijing's "Thousand Talents Plan," a state-run program designed to attract mostly ethnic Chinese scientists and engineers in the West to take up lucrative jobs in China. The program has been criticized by the U.S. administration as a project to encourage overseas Chinese to transfer technologies beneficial to China's national interests. ...

"The Thousand Talents Program... [lures] both Chinese overseas talent and foreign experts alike to bring their knowledge and experience to China, even if that means stealing proprietary information or violating export controls to do so," Bill Priesta, the assistant director of the FBI Counterintelligence Division, told U.S. lawmakers at a Congressional hearing on Dec. 12, 2018. ...

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## 10. ST&R Trade Report: "Tariff Hikes More Likely to Divert Trade Than Reshore Manufacturing, Report Says"

(Source: [Sandler, Travis & Rosenberg Trade Report](#), 22 Feb 2019.)

The increased tariffs the U.S. and China are imposing on each other's products are not likely to be very effective in protecting domestic companies and instead will mostly divert trade to other countries, according to a new study from the United Nations Conference on Trade and Development.

The study estimates that of the \$250 billion in Chinese exports currently subject to the U.S. Section 301 tariff increases, about 82 percent will be



captured by firms in other countries and roughly 12 percent will be retained by Chinese firms, with only about 6 percent captured by U.S. firms. Similarly, of the approximately \$110 billion in U.S. exports subject to China's retaliatory tariffs, about 85 percent will be captured by firms in other countries and U.S. firms will retain less than 10 percent, with Chinese firms capturing only about 5 percent. According to the study, these results are consistent across different sectors, including machinery, wood products, furniture, communication equipment, chemicals, and precision instruments.

UNCTAD states that countries likely to benefit the most are those that are more competitive and have the economic capacity to replace U.S. and Chinese firms. European Union exports are likely to increase the most, capturing about \$70 billion of U.S.-China trade (\$50 billion of Chinese exports to the U.S. and \$20 billion of U.S. exports to China), and Japan, Mexico, and Canada are projected to each capture more than \$20 billion. Substantial effects relative to the size of their exports are also expected for Australia, Brazil, India, the Philippines, Pakistan, and Vietnam.

However, the study adds, there could be negative effects as well. One concern is that more countries may take similar measures, escalating protectionist policies to a global level. In addition, upstream suppliers of the products caught up in the U.S.-China trade war could see significant reductions in business as buyers source elsewhere.

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## 11. Swissinfo.ch: "Switzerland Halts Arms Exports to Lebanon Due to Missing Weapons"

(Source: [Swissinfo.ch](https://www.swissinfo.ch/eng/2019-02-21-switzerland-halts-arms-exports-to-lebanon-due-to-missing-weapons), 21 Feb 2019.)

Inability to account for a Swiss shipment of weapons exported to Lebanon has resulted in a freeze of arms exports, authorities have announced.

On Wednesday, the head of the Economics Ministry informed the government that exports of war materiel to Lebanon would no longer be allowed until further notice.

This decision is linked to post-shipment verification last year of 10 assault rifles and 30 sub-machine guns that were exported to Lebanon in 2016. Swiss inspectors were only able to verify and inspect nine of the 40 small arms.

It is not known whether the missing weapons were handed over to another recipient or whether access was denied to the Swiss authorities for other reasons. It was agreed that the risk of the weapons ending up in undesirable hands is high and justifies a halt in licensing exports under the provisions of the Ordinance on War Materiel.

Switzerland already has restrictions on the export of arms to Lebanon: they can only be sold to those units in charge of protecting political figures (such as

the presidential guard). Previous post-shipment verification in 2013 and 2015 did not present any problems.

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## 12. The Telegraph: "German Arms Manufacturer Fined £3m for Illegal Gun Sales to Mexico"

(Source: [The Telegraph](#), 21 Feb 2019.) [Excerpts.]

One of Germany's best-known arms manufacturers was fined €3.7m (£3.2m) by the country's courts on Thursday for illegal weapons sales to Mexico.

The fine was imposed after employees at Heckler and Koch were found guilty of shipping around 5,000 G36 assault rifles and smaller weapons to Mexico between 2006 and 2009 in contravention of German export restrictions.

Two former employees of the company were handed suspended jail sentences by a Stuttgart court, while two former directors and a sales manager were acquitted of involvement.

The scandal centers on shipments of arms to areas of Mexico affected by drug trade violence and kidnappings.

Germany is one of the biggest arms manufacturers in the world but operates strict export controls, and bans weapons sales to the regions in question. ...

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## 13. WorldECR: "UK government 'On Wrong Side of the Law' Re Saudi Arms Exports"

(Source: [WorldECR](#), 22 Feb 2019.) [Excerpts.]

UK arms exports "are highly likely to be the cause of significant civilian casualties in Yemen". The UK government's policy of licensing arms sales to the Kingdom of Saudi Arabia is 'narrowly on the wrong side of the law', according to a House of Lords Select Committee on International Relations.

In its report, 'Yemen: giving peace a chance', the Committee members say that they "recognize that there are legitimate reasons for UK arms exports overseas. Export licensing decisions for the sale of arms always require fine judgements, balancing legitimate security concerns against human rights implications, and each situation must be assessed individually. The Government asserts that, in its licensing of arms sales to Saudi Arabia, it is narrowly on the right side of international humanitarian law." ...

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## 14. J. Alison Lee, A. Smith, P. Doris: "2018 Year-End Sanctions Update: United Kingdom Development and Enforcement (Part IV of IV)"

(Source: [Gibson Dunn](#), 11 Feb 2019.)

\* Authors: Judith Alison Lee, Co-Chair, International Trade Practice, [jalee@gibsondunn.com](mailto:jalee@gibsondunn.com); Adam Smith, Esq., [asmith@gibsondunn.com](mailto:asmith@gibsondunn.com); and Patrick Doris, Esq., [pdoris@gibsondunn.com](mailto:pdoris@gibsondunn.com). All of Gibson Dunn.

*[Part III was published in yesterday's Daily Bugle.]*

### **(IV) United Kingdom Developments and Enforcement**

A key focus of attention of sanctions professionals in the United Kingdom this year has been the likely treatment of EU sanctions post-Brexit.

On October 12, 2018, the UK's Office for Financial Sanctions Implementation, which is part of HM Treasury, circulated a technical notice issued by another UK Ministry, the Department for Exiting the European Union ("DEXEU"), considering the implications for sanctions law in the UK in the event of a "no-deal Brexit." A no-deal Brexit is a scenario in which the UK does not reach an agreement with the European Union in connection with the future trading relationship between them by 11pm March 29, 2019 (midnight on March 30, 2019 CET), the date on which the UK is currently due to exit the EU.

Whilst the UK does introduce its own sanctions legislation from time to time (and can be expected to do so following Brexit), the majority of UK sanctions instruments are introduced in implementation of EU sanctions. EU sanctions regimes are brought into effect by legislative instruments passed at EU level, typically Decisions and Regulations of the Council of the EU. EU Decisions are binding only on the persons to whom they are addressed; EU Regulations are binding on all persons and are automatically applicable in the domestic courts of the EU member states.

However, the EU Member States have not given the EU competence to create criminal offences; only the Member States themselves can do that. As such, EU sanctions instruments do not, by themselves, create criminal offences in the domestic legal orders of the EU Member States. In order to create such criminal offences, domestic implementing legislation is generally required. EU Member States take a variety of different approaches to such implementing legislation. Some Member States have a standing implementing law which creates a criminal offence of violation of EU sanctions in force, so that as soon as a new EU Regulation implementing sanctions is brought into force, breach thereof will be an offence in the domestic legal order. The UK does not take this approach. Instead, in the UK, new delegated legislation (in the form of implementing regulations) is adopted each time the EU introduces (and sometimes when it amends) a sanctions regime, and it is those new implementing regulations that create the criminal offences in question.

The UK's future relationship with EU law in its national legal orders following Brexit will depend on the final terms of the Withdrawal Agreement that the UK is currently seeking to negotiate with the EU and any subsequent trade agreements regarding the future trading relationship. There remains some uncertainty as to what these agreements will contain-and there is a possibility that no agreement will be reached. In the event of a "no deal" Brexit, the UK will not be obliged automatically to adopt EU sanctions following Brexit.

The question also arises as to the legal basis of EU sanctions in effect at the point the UK leaves the EU, given that the underlying EU legal basis for those sanctions will no longer apply to the UK. In order to avoid legal lacunae resulting from Brexit, the UK passed in 2018 the European Union (Withdrawal) Act 2018, which enacts certain savings for EU-derived legislation, direct EU legislation and EU law-derived rights. This Act provides, in broad summary, that all of these will be deemed to have effect as domestic law in the UK (i.e., English law, Scots law and the law of Northern Ireland) on and after Brexit day, save to the extent that Parliament enacts regulations modifying or negating the relevant law.

The technical notice sets out the policy of the UK Government regarding sanctions in the event of a "no deal" Brexit. The relevant section of the technical notice reads as follows:

As international law requires, we will implement UN sanctions in UK domestic law after the UK leaves the EU.

If the UK leaves the EU without a deal, we will look to carry over all EU sanctions at the time of our departure. We will implement sanctions regimes through new legislation, in the form of regulations, made under the Sanctions and Anti-Money Laundering Act 2018 (the Sanctions Act). The Act will provide the legal basis for the UK to impose, update and lift sanctions after leaving the EU.

We propose to put much of this legislation before Parliament before March 2019, to prepare for the possibility of the UK leaving the EU without a deal. Any sanctions regimes that we did not address, through regulations under the Sanctions Act by March 2019, would continue as retained EU law under the EU (Withdrawal) Act 2018. This means there will be no gaps in implementing existing sanctions regimes.

We expect that the UK's sanctions regulations will include:

- the purposes of the sanctions regime (what the UK hopes will be achieved through imposing sanctions)
- the criteria to be met before sanctions can be imposed on a person or group
- details of sanctions, such as trade and financial sanctions
  - details of exemptions that may apply, such as exemptions which allow people to trade with a certain country that would otherwise be prohibited by the regulations
- how we will enforce the sanctions measures
  - other areas, such as circumstances in which information about sanctions may be shared

We would publish the names of sanctioned persons or organizations. Regulations would be published as normal.

After the UK leaves the EU, in addition to implementing UN sanctions, and looking to carry over existing EU sanctions, we will also have the powers to adopt other sanctions

under the Sanctions Act. We will work with the EU and other international partners on sanctions where this is in our mutual interest.

It is also noted that, in its December 2018 *Mutual Evaluation Report* on the United Kingdom, the Financial Action Task Force (an independent inter-governmental body which promotes policies to protect the global financial system against, *inter alia*, money laundering) criticized the UK's recent lack of public-enforcement actions in relation to sanctions breaches, and recommended that the U.K. Office of Financial Sanctions Implementation and other UK enforcement authorities "ensure" that they pursue such actions.

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## 15. M.T. Gershberg & J.A. Schenck: "Recent OFAC Enforcement Actions Highlight Sanctions Risk in Cross-Border M&A Activity"

(Source: [Fried, Frank, Harris, Shriver & Jacobson LLP](#), 19 Feb 2019.)

\* Authors: Michael T. Gershberg, Esq., [michael.gershberg@friedfrank.com](mailto:michael.gershberg@friedfrank.com), 202-639-7085; and Justin A. Schenck, Esq., [justin.schenck@friedfrank.com](mailto:justin.schenck@friedfrank.com), 202-639-7021, both of Fried, Frank, Harris, Shriver & Jacobson LLP.

In the last two weeks, OFAC issued two enforcement actions for activities conducted by foreign subsidiaries that violated U.S. sanctions laws. On February 14, 2019, OFAC announced a \$5.5 million civil penalty against AppliChem GmbH, a Germany company, for deliberately and surreptitiously continuing business with Cuba after being acquired by a U.S. company. On February 7, 2019, OFAC announced a settlement with Kollmorgen Corporation, a U.S. company, because its Turkish subsidiary continued conducting business in and with Iran after it was acquired by Kollmorgen.

These settlements highlight the importance of U.S. companies conducting enhanced sanctions due diligence on foreign targets during the M&A process, and implementing sanctions compliance policies at the new foreign subsidiaries. It is equally important to monitor the foreign subsidiaries' compliance with U.S. sanctions laws and internal policies. Failure by foreign subsidiaries to comply with OFAC regulations could result in significant penalties for both the parent and subsidiaries.

### **AppliChem**

In 2012, Illinois Tool Works, Inc. (ITW), a U.S. company, acquired AppliChem, a Germany company. While conducting due diligence during the acquisition process, ITW found that AppliChem transacted with Cuba, and instructed AppliChem to cease such transactions post-closing. Foreign subsidiaries of U.S. companies are directly subject to the U.S. sanctions against Cuba. The former owners of AppliChem stayed on as managers, and despite the original notice and a subsequent warning, AppliChem continued its Cuban business. After ITW discovered this, it sent a third warning and submitted a voluntary

selfdisclosure to OFAC in January 2013. In that disclosure, ITW stated that AppliChem had ceased all Cubarelated transactions.

Three years later, ITW received an anonymous tip on its ethics hotline that AppliChem had still been conducting business in Cuba. ITW began an investigation and found that the former AppliChem owners had used various methods to conceal the Cuba business from ITW, including using an external logistics company and an independent consultant to prepare the necessary transaction documents. AppliChem had created policies to remove references to Cuba in documents relating to the Cuban business, and AppliChem senior management had even conducted trainings for staff to carry out these policies and to conceal the Cuba business from ITW. ITW voluntarily self-disclosed these violations to OFAC. Additionally, the former owners of AppliChem are no longer ITW employees.

OFAC determined that these violations constituted an egregious case, which is relatively uncommon in OFAC enforcement actions. In particular, OFAC found that aggravating factors included the use of written procedures to engage in willful violation of sanctions laws, the volume of sales over the course of five years which was significantly harmful to the objective of maintaining an embargo on Cuba and the sophistication of the company. OFAC found ITW's cooperation, voluntary self-disclosure, and internal investigation to be mitigating factors. OFAC noted in the enforcement action that it was important for companies to ensure subsidiaries are complying with OFAC regulations, and to conduct follow-up due diligence on acquired foreign persons who have transacted with sanctioned persons and jurisdictions in the past. This includes conducting regular audits and remedial measures, as necessary, to address any negative sanctions compliance efforts.

### **Kollmorgen**

Kollmorgen is a U.S. corporation with a Turkish affiliate, Elsim Elektrotechnik Sistemler Sanayi ve Ticaret Anonim Sirketi (Elsim). Kollmorgen acquired Elsim in early 2013. During the due diligence process, Kollmorgen learned that Elsim conducted business with Iran. To prevent future business with Iran, Kollmorgen implemented various U.S. sanctions compliance measures. Under the Iran sanctions program, foreign subsidiaries of U.S. companies are directly subject to the U.S. sanctions against Iran, and the U.S. parent company is responsible for the subsidiary's compliance. However, between July 2013 and July 2015, after the acquisition, Elsim willfully violated those compliance policies by sending employees to Iran to fulfill service agreements and then falsifying the travel records. If employees refused, Elsim threatened to fire them. Elsim also conducted other Iran-related transactions in that time.

Upon learning of these practices in late 2015, Kollmorgen began an investigation and reported the findings to OFAC. Elsim managers attempted to obstruct the investigation by deleting emails related to Iran, misleading Kollmorgen's attorneys, and even directing employees to delete references to Iran in company records. After the violations became known, Kollmorgen took various remedial measures such as creating a training program to educate Elsim employees on compliance with U.S. trade laws and requiring Elsim to

seek pre-approval from an officer based outside of Turkey for foreign service trips.

OFAC found the violations constituted a non-egregious case, and that Kollmorgen's extensive preventative and remedial measures were mitigating factors. However, OFAC determined that a monetary penalty was appropriate because Elsim's conduct had been egregious. The monetary penalty was fairly low because the transactions had been relatively low-value. As in AppliChem, OFAC noted that it was important to conduct and maintain heightened due diligence on related parties that have transacted with sanctioned parties or countries in the past, and to impose proactive controls after a U.S. company acquires such a business.

Additionally, in an apparent first, OFAC named an involved individual as a foreign sanctions evader. OFAC designated an Elsim manager primarily responsible for the conduct as a blocked person pursuant to Executive Order 13608.

### **Key Takeaways for Business**

The AppliChem and Kollmorgen actions present important sanctions compliance lessons, especially for cross-border M&A activity. In order to mitigate the risk of successor liability for a target's previous sanctions violations, acquirers should conduct thorough due diligence during the acquisition process to find any history of engagement with sanctioned entities or countries. The U.S. company should also implement clear U.S. sanctions compliance policies at the foreign subsidiary, particularly if the foreign company has conducted business with sanctioned parties in the past. After acquisition, U.S. companies should also conduct regular audits of foreign subsidiaries to ensure compliance with OFAC regulations, and impose proactive controls and conduct follow-up due diligence to confirm that sanctioned country business has in fact been terminated.

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16. S. Pelak, J. Prince & R. Tsai: "DOJ Settles with Honda Aircraft on Discrimination Claim Related to Export Controls" (Source: [Holland & Hart LLP](#), 21 Feb 2019.)

\* Authors: Steven Pelak, Esq., [swpelak@hollandhart.com](mailto:swpelak@hollandhart.com), +1 202-654-6929; Jason Prince, Esq., [jeprince@hollandhart.com](mailto:jeprince@hollandhart.com), +1 202-654-6937; and Roger Tsai, Esq., [RYTsai@hollandhart.com](mailto:RYTsai@hollandhart.com), +1 303-295-8171. All of Holland & Hart LLP.

Earlier this month, [the U.S. Department of Justice announced](#) that it had reached a [settlement](#) with Honda Aircraft Company LLC in connection with allegations that Honda Aircraft engaged in unfair immigration-related discrimination against job applicants. Specifically, the DOJ alleged that Honda Aircraft, which manufactures and sells business jet aircrafts, violated the Immigration and Nationality Act's anti-discrimination provision (8 U.S.C. §

1324b) by publishing job announcements which specified that only applicants who are U.S. citizens or lawful permanent residents would be considered for employment in roles involving technical data and technology subject to the International Traffic in Arms Regulations ("ITAR") or the Export Administration Regulations ("EAR").

Although the ITAR and the EAR restrict foreign persons' access to certain export-controlled technical data and technology, the DOJ noted that those regulations do not authorize or require companies to hire only U.S. citizens and lawful permanent residents. As the DOJ further explained, even the ITAR's definition of "U.S. Persons" extends beyond lawful permanent residents and U.S. citizens to also include U.S. nationals, refugees, and asylees. See ITAR § 120.15; 8 U.S.C. § 1101(a)(20); 8 U.S.C. § 1324b(a)(3). Pursuant to the settlement agreement, Honda Aircraft agreed to pay a civil penalty of \$44,626 and to implement remedial measures, such as amending its internal hiring policies and ensuring that all its employees involved in hiring or recruiting receive non-discrimination training.

This enforcement action is not novel and reflects the U.S. Government's long-held view that export control laws do not give companies a blank check to exclude non-U.S. citizens or lawful permanent residents from open positions. Even the U.S. State Department's "Guidelines for Preparing Agreements" under the ITAR acknowledge that, in some circumstances, Dual/Third Country Nationals from countries proscribed under ITAR Section 126.1, such as China or Iran, may be given access to ITAR-controlled materials. *See, e.g.,* Guidelines for Preparing Agreements (Revision 4.4b) at Section 3.5.2.

Nevertheless, the Honda Aircraft settlement is an important reminder that companies subject to the ITAR or the EAR must undertake a careful analysis when posting job openings and making hiring decisions to ensure that they appropriately balance the duties and obligations imposed by competing laws and regulations. If a company is overly restrictive in its hiring practices while attempting to comply with the ITAR or the EAR, then it inadvertently may run afoul of anti-discrimination laws and regulations. Although the ITAR and the EAR ultimately may limit foreign person employees' participation in certain business functions or otherwise may require employers to obtain U.S. export licenses for such employees, a company is now well advised-by the U.S. Government-not to follow a prohibition approach with regard to non-U.S. citizens or lawful permanent residents based on the ITAR or the EAR alone. Non-U.S. companies dealing with ITAR- or EAR-controlled technical data or technology similarly should be wary of adopting a prohibition approach and of contravening their own countries' anti-discrimination laws while attempting to comply with those U.S. regulations.

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17. T. Murphy: "Section 232 Investigation on Autos/Auto Parts -- Possible Retaliatory Measures on U.S. Goods"  
(Source: Author, 22 Feb 2019.)



\* Author: Ted Murhpy, Esq., Baker & Mckenzie,  
[ted.murphy@bakermckenzie.com](mailto:ted.murphy@bakermckenzie.com).

We wanted to make sure you saw the recent reports that the EU is preparing a list of U.S. products to retaliate against (i.e., impose additional duties on), if the United States goes ahead and imposes restrictions on imported autos/auto parts pursuant to the Section 232 investigation.

As you may know, the Secretary of Commerce delivered his report and recommendations to President Trump this past Sunday (the report is still confidential, but is rumored to (i) find that imports of autos/auto parts present a national security risk and (ii) recommend the imposition of import restrictions). The president has 90 days to decide what to do next. Recent reports suggest that the EU is preparing for the worst - by drawing up a list of ~\$22.7 billion worth of U.S. products to retaliate against if the United States goes ahead and imposes import restrictions. Those reports also suggest that articles produced by iconic U.S. companies are a prime target of the EU (in general, the goal in imposing these types of duties/retaliatory duties is to exert political pressure on the other side to get it to change its behavior; so, you want to choose political-sensitive articles (e.g., articles in produced in politically sensitive states/areas, articles produced by leading companies, etc.).

This is something that all U.S. companies that export to the EU should keep an eye on. If the United States imposes import restrictions on auto/auto parts, the retaliatory duties (by the EU and by other countries, presumably) will not be limited to imports of U.S. autos or auto parts.

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## EX/IM TRAINING EVENTS & CONFERENCES

### 18. ECS Presents "ITAR/EAR Bootcamp: Achieving Compliance" on 8-9 Jul in Seattle, WA

(Source: S. Palmer, [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com).)

- \* What: ITAR/EAR Bootcamp: Achieving Compliance; Seattle, WA
- \* When: July 8-9, 2019
- \* Where: [Sheraton Grande](#)
- \* Sponsor: Export Compliance Solutions & Consulting (ECS)
- \* ECS Speaker Panel: Suzanne Palmer, Mal Zerden
- \* Register [here](#) or by calling 866-238-4018 or e-mail [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com).

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## 19. FCC Presents U.S. Export Controls Awareness Course: "ITAR & EAR from a non-U.S. Perspective", 9 April in Bruchem, the Netherlands

(Source: Full Circle Compliance, [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu).)

Our next academy course is specifically designed for beginning compliance professionals and those in a similar role who aim to stay up-to-date with the latest U.S. export control requirements that apply to non-U.S. transactions, and industry's best practices.

The course will cover multiple topics relevant for organizations outside the U.S. that are subject to U.S. export controls, including: the U.S. regulatory framework, key concepts and definitions, tips regarding classification and licensing, essential steps to ensure a U.S. export control compliant shipment, how to handle a (potential) non-compliance issue, recent enforcement trends, and the latest and anticipated regulatory amendments. Participants will receive a certification upon completion of the training.

\* What: Awareness Course U.S. Export Controls: ITAR & EAR from a Non-U.S. Perspective

\* When: Tuesday, 9 Apr 2010, 9.30 am - 4.30 pm (CET)

\* Where: Landgoed Groenhoven, Bruchem, the Netherlands

\* Sponsor: [Full Circle Compliance](#) (FCC)

\* Instructors: Drs. Ghislaine C.Y. Gillesse RA, Michael E. Farrell, and Drs. Alexander P. Bosch

\* Information & Registration: [HERE](#), or email [events@fullcirclecompliance.eu](mailto:events@fullcirclecompliance.eu).

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## 20. List of Approaching Events: 135 Events Posted This Week, Including 16 New Events

(Sources: Editor and Event Sponsors)

Published every Friday or last publication day of the week, our overview of Approaching Events is organized to list continuously available training, training events, seminars & conferences, and webinars.

Please, submit your event announcement to Alexander Witt, Events & Jobs Editor (email: [awitt@fullcirclecompliance.eu](mailto:awitt@fullcirclecompliance.eu)), composed in the below format:

# DATE: LOCATION; "EVENT TITLE"; EVENT SPONSOR; WEBLINK;  
CONTACT DETAILS (email and/or phone number)

"#" = New or updated listing

***Continuously Available Training***

- \* E-Seminars: "[US Export Controls](#)" / "[Defense Trade Controls](#)"; Export Compliance Training Institute; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com)
- \* Webinar: "[Company-Wide US Export Controls Awareness Program](#)"; Export Compliance Training Institute; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com)
- \* E-Seminars: "[ITAR/EAR Awareness](#)"; Export Compliance Solutions; [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com)
- \* Online: "[Simplified Network Application Process Redesign \(SNAP-R\)](#)"; Commerce/BIS; 202-482-2227
- \* E-Seminars: "[Webinars On-Demand Library](#)"; Sandler, Travis & Rosenberg, P.A.
- \* Online: "[International Trade Webinars](#)"; Global Training Center
- \* Online: "[On-Demand Webinars](#)"; "[General Training](#)"; Center for Development of Security Excellence; Defense Security Service (DSS)
- \* Online: "[ACE Reports Training and User Guide](#)"; DHS/CBP
- \* Online: "[Increase Your International Sales - Webinar Archive](#)"; U.S. Commercial Service
- \* Web Form: "[Compliance Snapshot Assessment](#)"; Commonwealth Trading Partners (CTP)
- \* Online: "[Customs Broker Exam Prep Course](#)"; The Exam Center

### *Seminars and Conferences*

- \* Feb 25: Leeds, UK; "[How to complete Export Declarations](#)"; Chamber International
- \* Feb 26: Leeds, UK; "[Export Documentation & Import Procedures](#)"; Chamber International
- \* Feb 26-27; Chicago, IL; "[CTPAT Training](#)"; SCS America
- \* Feb 26-27: Miami, FL; "[Complying with U.S. Export Controls](#)"; Commerce/BIS
- \* Feb 27: New York; "[Avoiding Trump's Tariffs New York City Seminar](#)"; International Trade Law
- \* Feb 28; San Bruno CA; "[Introduction to Import and Export Compliance](#)"; Skyline College
- \* Feb 28; Liverpool, UK; "[You Can Export: How to Manage Agents & Distributors](#)"; UK/DIT
- \* Mar 4-6: Savannah, GA; "[2019 Winter Back to Basics Conference](#)"; SIA
- \* Mar 5: Leeds, UK; "[Understanding Incoterms](#)"; Chamber International
- \* Mar 5-6: San Diego, CA; "[Complying with U.S. Export Controls](#)"; Commerce/BIS
- \* Mar 5-7: Orlando, FL; "[Partnering for Compliance' Export/Import Control Training and Education Program](#)"; Partnering for Compliance
- \* Mar 6: McLean, VA; "[International Trade, Export Compliance & Customs Update](#)"; KPMG LLP; [cdonahue@kpmg.com](mailto:cdonahue@kpmg.com); +1 703-286-8131;
- \* Mar 6-7: San Diego, CA; "[Complying with U.S. Export Controls](#)"; Commerce/BIS
- \* Mar 7-8: Dallas, TX; "[CTPAT Training](#)"; SCS America
- \* Mar 9: Orlando, FL; "[Customs/Import Boot Camp](#)"; Partnering for Compliance
- \* Mar 11: Hoofddorp, NL; "[Export Control, Dual-use en Sancties](#)"; Fenex

- \* Mar 12-14: Dallas, TX; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Mar 12-14: Dallas, TX; "How to Build an Export Compliance Program"; Commerce/BIS
- \* Mar 12: Hasselt, Belgium; "Wegwijs in exportcontrole, dual-use goederen & embargo"; Vlams Netwerk van Ondernemingen
- \* Mar 13: Birmingham, UK; "Strategic Export Control: Intermediate Practitioners course"; UK/DIT
- \* Mar 14: Birmingham, UK; "Strategic Export Control: Foundation Workshop"; UK/DIT
- \* Mar 14: Birmingham, UK; "Strategic Export Control: Licenses Workshop"; UK/DIT
- \* Mar 15: Leeds, UK; "How to Complete Export Declarations"; Chamber International
- # May 15-17; London, UK; "ICPA European Conference"; ICPA
- \* Mar 18-21: Las Vegas, NV; "ITAR Defense Trade Controls / EAR Export Controls Seminar"; ECTI
- \* Mar 20: Miami, FL; "CHINA TARIFFS/AD/CVD 101"; Diaz Trade Consulting
- # Mar 24-27: Orlando, FL; "2019 ICPA Annual Conference"; ICPA
- \* Mar 25-27: San Francisco; "Global Encryption, Cloud and Cyber Trade Controls Conference"; Thomsen & Burke LLP;
- \* Mar 26: Leeds, UK; "Understanding Exporting"; Chamber International
- \* Mar 26-27: Pittsburgh, PA; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Mar 26-27: Scottsdale, AZ; "Managing ITAR/EAR Complexities"; Export Compliance Solutions (ECS); [spalmer@exportcompliancesolutions.com](mailto:spalmer@exportcompliancesolutions.com) or 866-238-4018
- \* Mar 27: Bristol, UK; "Classification of Goods - Using Commodity and Tariff Codes"; BusinessWest
- \* Mar 27: Bristol, UK; "Incoterms® Rules 2010"; BusinessWest
- \* Mar 27-28: San Francisco, CA; "Global Encryption, Cloud & Cyber Trade Controls"; American Conference Institute
- \* Mar 28: Bristol, UK; "Introduction to Export Procedures"; BusinessWest
- \* Apr 1: Eindhoven, NL; "Export Control, Dual-use en Sancties"; Fenex
- \* Apr 2: Brussels, Belgium; "Dual-Use, Military Research & Misuse"; Vrije Universiteit Brussel
- \* Apr 1-4: Washington, DC; "ITAR Defense Trade Controls / EAR Export Controls Seminar"; ECTI
- \* Apr 2-3: Long Beach, CA; "Voluntary Disclosure/Self Disclosure and Exemptions/Exceptions Seminars"; SIA
- \* Apr 3-4: Denver, CO; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Apr 4-5; Miami, FL; "CTPAT Training"; SCS America
- # Apr 9: Bruchem, The Netherlands; "Awareness Course U.S. Export Controls: ITAR & EAR from a Non-U.S. Perspective"; Full Circle Compliance
- \* Apr 16: Leeds, UK; "Export Documentation"; Chamber International
- \* Apr 17: Miami, FL; "CBP COMPLIANCE & ENFORCEMENT"; Diaz Trade Consulting
- \* Apr 17-18; Miramar, FL; "11th Maritime Forwarding, Freight Logistics & Global Chain Supply Workshop"; ABS Consulting;
- \* Apr 23-24: Portsmouth, NH; "Complying with U.S. Export Controls"; Commerce/BIS

- \* Apr 25: Portsmouth, NH; "Technology Controls"; Commerce/BIS
- \* Apr 29-May 2: London, UK; "US Export Controls on Non-US Transactions: EAR, OFAC & ITAR Compliance for EU/UK and other Non-US Companies PLUS Other Country Controls Comparison to US"; ECTI
- # Apr 30-May 1: Irvine, CA: "Complying with U.S. Export Controls"; Commerce /BIS
- \* Apr 30-May 1: Nashville, TN: "Mastering ITAR/EAR Challenges"; Export Compliance Solutions (ECS);
- \* May 1: Leeds, UK; "Understanding Exporting & Incoterms"; Chamber International
- \* May 2-3: Washington DC; "Economic Sanctions Enforcement and Compliance;" American Conference Institute
- # May 5: Munich, Germany; "European and German Export Controls"; AWA;
- \* May 5-7: Savannah, GA; "2019 Spring Seminar"; National Association of Foreign Trade Zones (NAFTZ)
- \* May 6-7: Atlanta, GA; "2019 Spring Conference"; SIA
- # May 7: Bruchem, The Netherlands; "An Introduction to EU / Dutch Dual-Use and Military Export Controls"; Full Circle Compliance
- \* May 13-16: Washington, D.C.; "ITAR / EAR / OFAC Commercial and Military Export Controls. How ITAR, EAR & OFAC Regulations Impact Non-US Companies, Affiliates and Transactions"; ECTI;
- \* May 15: Bristol, UK; "A Foundation Course in Importing"; BusinessWest
- # May 15-17; London, UK; "ICPA European Conference"; ICPA
- \* May 16: Bristol, UK; "Export Controls and Licensing"; BusinessWest
- \* May 16: Bristol, UK; "Inward Processing Relief"; BusinessWest
- \* May 16: Hamburg, Germany; "U.S. Export Controls and Embargoes & Sanctions for European Companies"; Hamburger Zollakademie
- # May 16-17; Toronto, Canada; "ICPA Canada Conference"; ICPA
- \* May 21: London, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- \* May 27-30: Singapore; "US Export Controls on Non-US Transactions: EAR, OFAC & ITAR Compliance for Asia and other Non-US Companies PLUS Other Country Controls Comparison to US"; ECTI;
- \* Jun 5-6: Seattle, WA; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Jun 7: Upper Marlboro, MD; "2019 Spring Golf Outing"; SIA
- \* Jun 10: Cleveland, OH; "Letters of Credit"; Global Training Center
- \* Jun 11: Cleveland, OH; "Export Doc & Proc"; Global Training Center
- \* Jun 12: Cleveland, OH; "Tariff Classification"; Global Training Center
- \* Jun 13: Cleveland, OH; "NAFTA Rules of Origin"; Global Training Center
- # Jun 13: Detroit, MI; "How to Build an Export Compliance Program"; Commerce/BIS
- \* Jun 14: Cleveland, OH; "Incoterms® 2010 Rules"; Global Training
- \* Jun 17-20: San Diego, CA; "ITAR Defense Trade Controls / EAR Export Controls"; ECTI
- \* Jul 3: Bristol, UK; "Introduction to Export Procedures - Export Training"; BusinessWest
- \* Jul 4: Bristol, UK; "Using Documentary Letters of Credit, Drafts and Bills"; BusinessWest
- # Jul 8-9: Seattle, WA: "Boot Camp: Achieving ITAR/EAR Compliance"; Export Compliance Solutions (ECS);

- \* Jul 8 - 10: National Harbour, MD; "2019 Summer Back to Basics Conference"; SIA
- \* Jul 11: Birmingham, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- \* Aug 20-21: Cincinnati, OH; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Aug 20-21: Milpitas, CA; "Complying with U.S. Export Controls"; Commerce/BIS
- \* Aug 22: Milpitas, CA; "Encryption Controls"; Commerce/BIS
- \* Sep 8-11: Chicago, IL; "2019 Annual Conference and Exposition"; National Association of Foreign Trade Zones (NAFTZ)
- \* Sep 16-19: Austin, TX; "ITAR Controls / EAR & OFAC Export Controls (Sep 18-19) Seminar Series"; ECTI; 540-433-3977
- \* Sep 17-19: Annapolis, MD; "The ECS 2nd Annual ITAR/EAR Symposium"; ECS
- \* Sep 20: Las Vegas; "EAR and OFAC Fundamentals: Export Control Of Dual-Use Equipment"; Barnes & Thornburg LLP
- \* Sep 25: Bristol, UK; "Classification of Goods - Using Commodity and Tariff Codes"; BusinessWest
- \* Sep 25: Bristol, UK; "Incoterms® Rules 2010"; BusinessWest
- \* Sep 25: London, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- \* Sep 26: Bristol, UK; "Understanding The Paperwork"; BusinessWest
- \* Sep 30 - Oct 3; Amsterdam, NL; "ITAR Controls / EAR/OFAC Commercial and Military Controls"; ECTI; 540-433-3977
- # Oct 7: Munich, Germany; "European and German Export Controls"; AWA
- \* Oct 14-17; Columbus, OH; "University Export Controls Seminar"; ECTI; 540-433-3977
- # Oct 27: Singapore; "5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement"; American Conference Institute
- \* Oct 28-29: Washington D.C.; "2019 Fall Advanced Conference"; SIA
- \* Oct 28-31; Phoenix, AZ; "ITAR Controls / EAR & OFAC Export Controls Seminar Series"; ECTI; 540-433-3977
- \* Nov 11-14; Washington, DC; "ITAR Controls / EAR & OFAC Export Controls Seminar Series"; ECTI; 540-433-3977
- \* Nov 20: Bristol, UK; "Introduction to Export Procedures - Export Training"; BusinessWest
- \* Nov 21: Bristol, UK; "A Foundation Course in Importing"; BusinessWest
- \* Nov 26: Bruchem, The Netherlands; "The International Traffic in Arms Regulations (EAR) from a non-U.S. Perspective"; Full Circle Compliance
- # Nov 27: Bruchem, The Netherlands; "The Export Administration Regulations (EAR) from a non-U.S. Perspective"; Full Circle Compliance
- \* Nov 27: Manchester, UK; "US & UK Export Controls: A Basic Understanding"; The Institute of Export and International Trade
- \* Dec 4-5: New York, NY; "10th Annual New York Forum on Economic Sanctions"; American Conference Institute
- # Dec 4-5: Washington, DC; "36th International Conference on the Foreign Corrupt Practices Act"; American Conference Institute
- \* Dec 9-12; Miami, FL; "ITAR Controls / EAR & OFAC Export Controls Seminar Series"; ECTI; 540-433-3977

\* Dec 12-13; Washington D.C.; "Coping with U.S. Export Controls and Sanctions 2019"; Practicing Law Institute

## 2020

# Jan 30-31: Houston, TX; "14th Forum on the Foreign Corrupt Practices Act"; American Conference Institute

### *Webinars*

\* Feb 26: Webinar: "Handling Voluntary Disclosures and Internal Investigations"; ECTI; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com); 540-433-3977

\* Feb 27: Webinar: "Cornerstones of ITAR Compliance: Controlled Items, Activities & Technical Data"; ECTI; 540-433-3977

# Feb 27: Webinar: "Trade in Turmoil [Monthly Update]"; STR

\* Feb 28: Webinar: "Control Tower: timely response to your supply chain disruptions"; Amber Road

\* Feb 28: Webinar: "Economic Sanctions after Brexit with Maya Lester QC"; Brick Court Chambers

\* Feb 28: Webinar: "Foreign Investment Reviews: What CFIUS' Expanded Powers Mean for You"; STR Trade;

\* Feb 28: Webinar: "The Fundamentals of Product Classification"; ECTI; 540-433-3977

# Mar 1: Webinar: "Open General Export Licenses and EU General Export Authorisations in a no deal Brexit"; UK DIT

\* Mar 6: Webinar: "Cornerstones of ITAR Compliance: Registration, Empowered Officials & Exemptions"; ECTI; 540-433-3977

# Mar 7: Webinar: "Global Transportation & Trade Compliance - 2 Sides of the Same Coin"; 3rdwave

\* Mar 8: Webinar: "Managing Export Compliance and Export Controls Risk"; Online Compliance Panel

\* Mar 12: Webinar: "DIY Encryption Classification 2019 Edition"; ECTI; 540-433-3977; [danielle@learnexportcompliance.com](mailto:danielle@learnexportcompliance.com)

\* Mar 13: Webinar: "Cornerstones of ITAR Compliance: Licenses and Agreements"; ECTI; 540-433-3977

\* Mar 14: Webinar: "ITAR Training Basics - For Compliance Executives March"; CVG Strategy

\* Mar 20: Webinar: "Cornerstones of ITAR Compliance: Administration, Documentation and Shipping"; ECTI; 540-433-3977

\* Apr 8: Webinar: "Export Control Compliance: Creating And Self Assessing Your Export Control Program (ECP) To Sanctioned Countries"; GRC Educators

\* Apr 23: Webinar: "ITAR Training Basics - For Compliance Executives April"; CVG Strategy

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### EDITOR'S NOTES

## 21. Bartlett's Unfamiliar Quotations

(Source: Editor)

\* **George Washington** (22 Feb 1732 - 14 Dec 1799; was an American political leader, military general, statesman, and Founding Father, who also served as the first president of the United States (1789-1797). Washington commanded Patriot forces in the new nation's vital American Revolutionary War, and led them to victory over the British. Washington also presided at the Constitutional Convention of 1787, which established the new federal government. For his manifold leadership during the American Revolution, he has been called the "Father of His Country".)

- *"To be prepared for war is one of the most effective means of preserving peace."*

- *"My observation is that whenever one person is found adequate to the discharge of a duty... it is worse executed by two persons, and scarcely done at all if three or more are employed therein."*

### Friday Funnies:

\* The mother-in-law stopped by her daughter's house after shopping, to find her son-in-law boiling angry and cramming his belongings into his suitcases. "What's the matter with you? Where are you going?" she asked anxiously. The son-in-law replied, "I'll tell you what happened! I sent an email to my wife --- your daughter --- telling her I was coming home a day early from my business trip. I get home today, and you know what I found? ... Your daughter in bed with a naked man! This is unforgivable, the end of our marriage! I'm leaving!" "Calm down, calm down!" said his mother-in-law. "I know my daughter, and she would never do such a thing. There must be a simple explanation. I'll go speak to her and find out what happened." A few minutes later, the mother-in-law came back with a big smile and said, "I told you there must be a simple explanation! She didn't get your email!"

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\* \* \* \* \*

## 22. Are Your Copies of Regulations Up to Date?

(Source: Editor)

The official versions of the following regulations are published annually in the U.S. Code of Federal Regulations (C.F.R.), but are updated as amended in the Federal Register. The latest amendments to applicable regulations are listed below.

\* DHS CUSTOMS REGULATIONS: 19 CFR, Ch. 1, Pts. 0-199. Implemented by Dep't of Homeland Security, U.S. Customs & Border Protection.

- Last Amendment: 14 Jan 2019: 84 FR 112-116: Extension of Import Restrictions Imposed on Certain Archaeological and Ecclesiastical Ethnological Material from Bulgaria; and 84 FR 107-112: Extension of Import Restrictions Imposed on Certain Archaeological Material From China.



\* DOC EXPORT ADMINISTRATION REGULATIONS (EAR): 15 CFR Subtit. B, Ch. VII, Pts. 730-774. Implemented by Dep't of Commerce, Bureau of Industry & Security.

- Last Amendment: 20 Dec 2018: 83 FR 65292-65294: Control of Military Electronic Equipment and Other Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML); Correction [Concerning ECCN 7A005 and ECCN 7A105.]

\* DOC FOREIGN TRADE REGULATIONS (FTR): 15 CFR Part 30. Implemented by Dep't of Commerce, U.S. Census Bureau.

- Last Amendment: 24 Apr 2018: 83 FR 17749-17751: Foreign Trade Regulations (FTR): Clarification on the Collection and Confidentiality of Kimberley Process Certificates

- HTS codes that are not valid for AES are available [here](#).

- The latest edition (1 Jan 2019) of *Bartlett's Annotated FTR* ("BAFTR"), by James E. Bartlett III, is available for downloading in Word format. The BAFTR contains all FTR amendments, FTR Letters and Notices, a large Index, and approximately 250 footnotes containing case annotations, practice tips, Census/AES guidance, and explanations of the numerous errors contained in the official text. Subscribers receive revised copies in Microsoft Word every time the FTR is amended. The BAFTR is available by annual subscription from the Full Circle Compliance [website](#). BITAR subscribers are entitled to a 25% discount on subscriptions to the BAFTR. Government employees (including military) and employees of universities are eligible for a 50% discount on both publications at [www.FullCircleCompliance.eu](http://www.FullCircleCompliance.eu).

\* DOD NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL (NISPOM): DoD 5220.22-M. Implemented by Dep't of Defense.

- Last Amendment: 18 May 2016: Change 2: Implement an insider threat program; reporting requirements for Cleared Defense Contractors; alignment with Federal standards for classified information systems; incorporated and cancelled Supp. 1 to the NISPOM (Summary [here](#).)

\* DOE ASSISTANCE TO FOREIGN ATOMIC ENERGY ACTIVITIES: 10 CFR Part 810; Implemented by Dep't of Energy, National Nuclear Security Administration, under the Atomic Energy Act of 1954.

- Last Amendment: 23 Feb 2015: 80 FR 9359, comprehensive updating of regulations, updates the activities and technologies subject to specific authorization and DOE reporting requirements. This rule also identifies destinations with respect to which most assistance would be generally authorized and destinations that would require a specific authorization by the Secretary of Energy.

\* DOE EXPORT AND IMPORT OF NUCLEAR EQUIPMENT AND MATERIAL; 10 CFR Part 110; Implemented by Dep't of Energy, U.S. Nuclear Regulatory Commission, under the Atomic Energy Act of 1954.

- Last Amendment: 20 Nov 2018, 10 CFR 110.6, Re-transfers.

\* DOJ ATF ARMS IMPORT REGULATIONS: 27 CFR Part 447-Importation of Arms, Ammunition, and Implements of War. Implemented by Dep't of Justice, Bureau of Alcohol, Tobacco, Firearms & Explosives.

- Last Amendment: 26 Dec 2018: [83 FR 66514-66554](#): Bump-Stock-Type Devices

\* [DOS INTERNATIONAL TRAFFIC IN ARMS REGULATIONS \(ITAR\)](#): 22 C.F.R. Ch. I, Subch. M, Pts. 120-130. Implemented by Dep't of State, Directorate of Defense Trade Controls.

- Last Amendment: 4 Oct 2018: [83 FR 50003-50007](#): Regulatory Reform Revisions to the International Traffic in Arms Regulations.

- The only available fully updated copy (latest edition: 1 Jan 2019) of the ITAR with all amendments is contained in *Bartlett's Annotated ITAR* ("BITAR"), by James E. Bartlett III. The BITAR contains all ITAR amendments to date, plus a large Index, over 800 footnotes containing amendment histories, case annotations, practice tips, DDTC guidance, and explanations of errors in the official ITAR text. Subscribers receive updated copies of the BITAR in Word by email, usually revised within 24 hours after every ITAR amendment. The BITAR is available by annual subscription from the Full Circle Compliance [website](#). BAFTR subscribers receive a \$25 discount on subscriptions to the BITAR, please [contact us](#) to receive your discount code.

\* [DOT FOREIGN ASSETS CONTROL REGULATIONS \(OFAC FACR\)](#): 31 CFR, Parts 500-599, Embargoes, Sanctions, Executive Orders.

Implemented by Dep't of Treasury, Office of Foreign Assets Control.

- Last Amendment: 15 Nov 2018: [83 FR 57308-57318](#): Democratic Republic of the Congo Sanctions Regulations

\* [USITC HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES \(HTS, HTSA or HTSUSA\)](#), 1 Jan 2019: 19 USC 1202 Annex. Implemented by U.S.

International Trade Commission. ("HTS" and "HTSA" are often seen as abbreviations for the Harmonized Tariff Schedule of the United States Annotated, shortened versions of "HTSUSA".)

- Last Update: 12 Feb 2019: [Harmonized System Update 1901](#) [contains 397 ABI records and 89 harmonized tariff records.]

- HTS codes for AES are available [here](#).

- HTS codes that are not valid for AES are available [here](#).

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## 23. Weekly Highlights of the Daily Bugle Top Stories

(Source: Editor)

Review last week's top Ex/Im stories in "Weekly Highlights of Daily Bugle Top Stories" posted [here](#).

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EDITORIAL POLICY

\* The Ex/Im Daily Update is a publication of FCC Advisory B.V., compiled by: Editor, James E. Bartlett III; Assistant Editors, Alexander P. Bosch and Vincent J.A. Goossen; and Events & Jobs Editor, Alex Witt. The Ex/Im Daily Update is emailed every business day to approximately 6,500 readers of changes to defense and high-tech trade laws and regulations. We check the following sources daily: Federal Register, Congressional Record, Commerce/AES, Commerce/BIS, DHS/CBP, DOE/NRC, DOJ/ATF, DoD/DSS, DoD/DTSA, FAR/DFARS, State/DDTC, Treasury/OFAC, White House, and similar websites of Australia, Canada, U.K., and other countries and international organizations. Due to space limitations, we do not post Arms Sales notifications, Denied Party listings, or Customs AD/CVD items.

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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 2/24/2019 1:40:11 AM  
**To:** Matthew Borman [Matthew.Borman@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (Feb. 23, 2019)

**Dear All,**  
**Good Day!**

**Gary Stanley's EC Tip of the Day: In the EAR's Commerce Control List, given "Reasons for Control" are not mutually exclusive, numbers are assigned in order of precedence. As an example, if an item is controlled for both National Security and Missile Technology reasons, the entry's third alphanumeric character will be a "0". If the item is controlled only for Missile Technology the third alphanumeric character will be "1". The numbers in either the second or third digit (e.g., 3A001) serve to differentiate between multilateral and unilateral entries. An entry with the number "9" as the second digit, identifies the entire entry as controlled for a unilateral concern (e.g., 2B991 for anti-terrorism reasons). If the number "9" appears as the third digit, the item is controlled for unilateral purposes based on a proliferation concern (e.g., 2A290 is controlled for unilateral purposes based on nuclear nonproliferation concerns). The last digit within each entry (e.g., 3A001) is used for the sequential numbering of ECCNs to differentiate between entries on the CCL.**

**Today's Items:**

- 1. DDTC Posts New Name Change Notice on KLX Inc.**
- 2. DDTC Corrects Date for Submitting Comments on Three Information Collection Relating to USML Categories I, II, and III**
- 3. OFAC Reaches \$506,250 Settlement with ZAG IP, LLC**
- 4. DoD Awards \$10 Million in Funding to Digital Manufacturing and Design Innovation Institute**
- 5. WTO News**
- 6. U.S. Customs and U.S. Census/AES Updates**
- 7. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**
- 8. GAO & CRS Reports, Testimony, and Correspondence of Interest**
- 9. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

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- 10. U.S. Threatens New Sanctions on Venezuela if Aid Convoys Blocked-Official**
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- 15. U.S., China Resume Talks on Thorniest Issues in Trade War**

- 16. Thirty Years On, U.S.-China Politics and Tech Collide**
- 17. China Uses DNA to Track Its People, With the Help of American Expertise**
- 18. U.S.-Huawei Fight to Take Center Stage at Trade Show**
- 19. U.S. Campaign Against Huawei Runs Aground in an Exploding Tech Market**
- 20. China Tightens Grip on East African Port**
- 21. Army Driving Forward with Electric Vehicle Plans**
- 22. Autonomous Convoy Tech Moves Toward Official Program**
- 23. Army Adapts Aircraft EW to Protect Tanks: BAE RAVEN**
- 24. Army Cloud: Big Announcement in March**
- 25. DoD File-Sharing Tool Is SAFE Again**
- 26. Navy Wants Faster Ship Repairs; 70% of Destroyer Fleet Late**
- 27. DoD Wants Help to Spot — & Kill — Mobile Missiles**
- 28. Heather Wilson's Commitment to Trump's Space Force Was Questioned. Now She Leads the Effort to Build It.**
- 29. Branson's Virgin Galactic Takes Another Step Toward Space Tourism**
- 30. NASA, SpaceX OK 1st Test Flight of Crew Capsule Next Week**
- 31. How Does Pakistan's Thunder Fare Against Contenders in Malaysia's Aircraft Competition?**
- 32. Despite Putin's Swagger, Russia Struggles to Modernize Its Navy**
- 33. British Fraud Office Abandons Rolls-Royce, GSK Investigations**
- 34. Viewpoint: Rivals, Allies Trying to Harness U.S. Innovation**
- 35. Opinion: Congress Should Block Rule Changes for Firearm Exports**

#### **Upcoming Export Control and Other Trade Compliance Conferences**

### **1. DDTC Posts New Name Change Notice on KLX Inc.**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following new name change notice:

- KLX Inc. to Boeing Distribution Services Inc. Name Change

### **2. DDTC Corrects Date for Submitting Comments on Three Information Collection Relating to USML Categories I, II, and III**

(84 Fed. Reg. 5802) - The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) published a Federal Register Notice at 84 Fed. Reg. 3528 (Feb. 12, 2019) notifying the public of the Emergency processing and approval of this collection by April 1, 2019. The Notice using Docket Number: DOS-2018-0063 contained an incorrect date when all comments must be received. This document corrects the date to March 14, 2019.

### **3. OFAC Reaches \$506,250 Settlement with ZAG IP, LLC**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has announced a \$506,250 settlement with ZAG IP, LLC (formerly known as ZAG International, LLC) ("ZAG"), a U.S. company with its business address in Newtown, Connecticut, for five apparent violations of § 560.206 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR). Specifically, between on or about July 11, 2014 and on or about January 15, 2015, through five separate transactions, ZAG purchased a total of 263,563 metric tons of Iranian-origin clinker from a company located in the United Arab Emirates, with knowledge that the cement clinker was sourced from Iran, and then resold and transported it to a company in Tanzania. OFAC determined that ZAG voluntarily self-disclosed the apparent violations to OFAC, and that the apparent violations constitute a non-egregious case. For more information on this action, please visit the following web notice.

#### **4. DoD Awards \$10 Million in Funding to Digital Manufacturing and Design Innovation Institute**

The U.S. Department of Defense has awarded \$10 million in funding to the Digital Manufacturing and Design Innovation Institute (DMDII), with an option of \$20 million more over the upcoming five years to lead the digital future of manufacturing Feb. 21. This award is part of a new multi-year follow-on agreement with a ceiling of \$60 million of government funding. DoD will continue the strategic partnership with DMDII for the long term as part of the effort to reform DoD for greater performance and affordability in support of the National Defense Strategy. Founded in 2014, DMII has invested approximately \$94 million in more than 60 applied research projects nationwide. DMDII collaborates with the U.S Army's Rock Island Arsenal, the nation's largest government-owned weapons manufacturer. With the aim of getting equipment to U.S. Warfighters quickly, the arsenal and DMDII have used 3-D modeling to assess the arsenal's manufacturing processes.

#### **5. WTO News**

- DG AZEVEDO: EU LEADERSHIP VITAL TO STRENGTHENING TRADING SYSTEM: Addressing a meeting of European Union trade ministers in Bucharest, Romania, on 21 February 2019, Director-General Roberto Azevêdo welcomed the EU's engagement in the conversations aimed at strengthening the WTO and called for their continued leadership to help address some of the key challenges in global trade, including current trade tensions and the impasse in the WTO's dispute settlement system.

#### **6. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - CSMS #19-000080 Title: Reminder – Upcoming Mandatory Transition to TFTEA Drawback
- U.S. Customs - CSMS #19-000081 Title: PENDING CORE Privilege Applications
- U.S. Customs - CSMS #19-000082 Title: Update: ACE EPA CATAIR - New TSCA Certification Requirements for Composite Wood Products
- U.S. Customs - CSMS #19-000083 Title: Updated Drawback Trade Issue Tracker Document

- U.S. Customs - CSMS #19-000084 Title: ACE PRODUCTION Scheduled Maintenance, Sat. Feb 23, 2019@ 2200 to 0400 ET Sun. Feb 24
- U.S. Customs - Customs Bulletin and Decisions - Vol. 53, February 20, 2019, No. 3  
Index  
General Notices  
U.S. Court of International Trade Slip Opinions
- U.S. Customs - Agenda and Presentations for Feb. 27, 2019, meeting of Customs Operations Advisory Committee

COAC Public Meeting Agenda	
<b>The Secure Trade Lanes Subcommittee</b> <ul style="list-style-type: none"> <li>• Secure Trade Lanes Subcommittee Trade Executive Summary</li> <li>• Inbond <b>DRAFT</b> Recommendations</li> <li>• Inbond Background</li> <li>• Pipeline <b>DRAFT</b> Recommendations</li> <li>• Trusted Trader (Forced Labor) <b>DRAFT</b> Recommendations</li> <li>• Inbond Issue Paper</li> <li>• Pipeline Issue Paper</li> <li>• Trusted Trader Issue Paper</li> <li>• Trusted Trader <b>DRAFT</b> Trade Compliance Forced Labor Strategy</li> </ul>	<b>The Next Generation Facilitation Subcommittee</b> <ul style="list-style-type: none"> <li>• Next Generation Facilitation Subcommittee Trade Executive Summary</li> <li>• Regulatory Reform <b>DRAFT</b> Recommendations</li> <li>• Regulatory Reform Background</li> <li>• E-Commerce Recommendation and Supply Chain Map</li> <li>• Regulatory Reform Issue Paper</li> <li>• E-Commerce Issue Paper</li> <li>• Emerging Technologies Issue Paper</li> </ul>
<b>The Intelligent Enforcement Subcommittee</b> <ul style="list-style-type: none"> <li>• Intelligent Enforcement Subcommittee Trade Executive Summary</li> <li>• Intellectual Property Rights <b>DRAFT</b> Recommendations</li> <li>• AD/CVD Issue Paper</li> <li>• Intellectual Property Rights Issue Paper</li> <li>• Risk-Based Bonding Issue Paper</li> </ul>	

- **U.S. Census - Tips on How to Resolve AES Fatal Errors**

<b>Fatal Error Response Code: 138</b>	<b>Narrative:</b> Port of Unlading Missing <b>Reason:</b> The Port of Unlading Code is missing. All vessel shipments, and any air shipments between the United States and Puerto Rico must provide a Port of Unlading Code.
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	<p><b>Resolution:</b> The Port of Unlading Code is the foreign port where the exported merchandise is unloaded from the exporting carrier. Report a valid Port of Unlading Code for all vessel shipments, and any air shipments between the United States and Puerto Rico.</p> <p>Verify the Port of Unlading Code, correct the shipment and resubmit.</p>
<p><b>Fatal Error</b> <b>Response Code:</b> <b>539</b></p>	<p><b>Narrative:</b> Shipping Weight Must be Zero for MOT</p> <p><b>Reason:</b> The Mode of Transportation Code is not Vessel, Rail, Truck or Air and the Shipping Weight is not reported as zeros.</p> <p><b>Resolution:</b> When the Mode of Transportation is other than Vessel, Rail, Truck or Air and the Export Information Code is not HH for household goods, the Shipping Weight must be zero.</p> <p>Verify the Mode of Transportation and Shipping Weight, correct the shipment and resubmit.</p>

## 7. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes

- USITC - Certain Semiconductor Devices, Integrated Circuits, and Consumer Products Containing the Same: Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest
- USITC - Large Residential Washers: Monitoring Developments in the Domestic Industry - The Commission has instituted investigation No. TA-204-013, *Large Residential Washers: Report on Monitoring of Developments in the Domestic Industry*, for the purpose of preparing the report to the President and the Congress required by section 204(a)(2) of the Trade Act of 1974 on its monitoring of developments in the domestic industry following the President's decision to impose a safeguard measure on imports of large residential washers and certain washer parts as described in Proclamation 9694 of January 23, 2018. Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, not later than 21 days after publication of this notice in the Federal Register.

## 8. GAO & CRS Reports, Testimony, and Correspondence of Interest

- GAO - COAST GUARD SHORE INFRASTRUCTURE: Applying Leading Practices Could Help Better Manage Project Backlogs of at Least \$2.6 Billion GAO-19-82: Published: Feb 21, 2019. Publicly Released: Feb 21, 2019.
- GAO - DEFENSE CONTRACTING: Enhanced Information Needed on Contractor Workplace Safety GAO-19-235: Published: Feb 21, 2019. Publicly Released: Feb 21, 2019.
- GAO - DEFENSE HEALTH CARE: Actions Needed to Determine the Required Size and Readiness of Operational Medical and Dental Forces GAO-19-206: Published: Sep 21, 2019.

Publicly Released: Feb 21, 2019.

- GAO - DEPARTMENT OF HOMELAND SECURITY: Review of the Fiscal Year 2017 Entry/Exit Overstay Report GAO-19-298R: Published: Feb 22, 2019. Publicly Released: Feb 22, 2019.
- CRS - The Army's Optionally Manned Fighting Vehicle (OMFV) Program: Background and Issues for Congress - February 22, 2019
- CRS - Department of Defense Use of Other Transaction Authority: Background, Analysis, and Issues for Congress - Updated February 22, 2019
- CRS - Cluster Munitions: Background and Issues for Congress - Updated February 22, 2019

## **9. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

(84 Fed. Reg. 5663) - Agency: U.S. Dept. of Commerce/International Trade Administration (ITA) - Title: Foreign-Trade Zone Applications - Agency Form No.: None - Type of Review: Regular submission - Deadline for Public Comment: 30 days from Feb. 22, 2019

## **Other Headlines**

### **10. U.S. Threatens New Sanctions on Venezuela if Aid Convoys Blocked-Official**

Reuters.com, Feb. 22 - The U.S. government could announce new sanctions to pressure Venezuelan President Nicolas Maduro as early as next week unless his military defies orders to block convoys of humanitarian aid planned for this weekend, a senior administration official said on Friday. U.S. Vice President Mike Pence and other leaders in the Western Hemisphere will meet in Bogota on Monday. Depending on what happens on Venezuela's borders over the weekend, the leaders could dramatically boost aid pledges to the country - or take new steps to crack down, the official told reporters. "If there is any type of violence, or if there is any type of negative reaction from the hierarchy of the Venezuela armed forces, there may also be measures that are announced by the vice president and other countries in regards to closing even further the international financial circle," the official said, speaking on condition of anonymity.

### **11. Microsoft Workers Call for Canceling Military Contract for Technology That Could Turn Warfare Into a 'Video Game'**

Washington Post.com, Feb. 22 - Employees at Microsoft on Friday demanded that the company cancel a contract to supply its augmented-reality headsets to the U.S. Army, warning in a letter that putting HoloLens in the military's hands could "help people kill." Writing to chief executive Satya Nadella, more than 50 workers said the devices would be "turning warfare into a simulated 'video game.'" They also urged Microsoft, which won the \$480 million contract in November, to "cease developing any and all weapons technologies" for the government. "As employees and shareholders we do not want to become war

profiteers," the letter concluded. "To that end, we believe that Microsoft must stop in its activities to empower the U.S. Army's ability to cause harm and violence." . . . The internal revolt at Microsoft highlights the heightened activism among employees at tech giants and follows similar uprisings at Amazon and Google, where workers have bristled over their companies' business relationships with the U.S. military or law enforcement agencies.

## **12. Heckler & Koch Fined €3.7 Million Over Illegal Arms Sales to Mexico**

Deutsche Welle, Feb. 21 - Two former staff members at the weapons manufacturer were given suspended sentences for violating Germany's War Weapons Control Act for their involvement in the delivery of machine guns to Mexico. The 10-month trial of former employees of Germany's biggest gun-maker, Heckler & Koch, ended in disappointment for arms trade opponents as former CEOs were acquitted for their part in the illegal sale of G36 assault rifles to Mexico between 2006 and 2009, while Marianne B. and Ingo S., employees with largely administrative duties, were found guilty. A few boos rang out in the courtroom as Judge Frank Maurer read the verdict, especially as Peter B., a former CEO, was found not guilty. The executive, who was also H&K's main contact with government export authorities, was the most powerful of the defendants, none of whom showed a visible reaction as the verdict was read. The company Heckler & Koch itself was fined €3.7 million (\$4.2 million), the approximate value of the guns at the time of their sale. That came as a welcome surprise to veteran anti-arms trade activist Jürgen Grässlin, who had initially pressed the charges and had expected a fine based only on the profits from the illegal sale. He added that the fine could exacerbate H&K's financial troubles.

## **13. EU Debates How and When to Start Trade Talks With Trump**

Reuters.com, Feb. 21 - France expressed reservations on Friday about proposed trade negotiations with the United States, diplomats said, while other EU countries supported talks with Washington that could ward off punitive U.S. tariffs on European cars. The European Commission has asked the EU's 28 countries to approve two negotiating mandates so that formal talks can begin, with many aware that U.S. President Donald Trump may hit EU car imports with duties if they wait too long. Diplomats say Germany, whose exports of cars and parts to the United States are worth more than half the EU total, wants to press ahead. But France, with very few U.S. car exports, is reluctant to move before the European Parliament election in May, convinced that dealing with Trump is not a vote winner.

## **14. UK Says It Will Not Transition EU-Japan Trade Deal Before March 29**

Reuters.com, Feb. 21 - Britain will not be able to replicate the European Union's trade deal with Japan before it leaves the bloc on March 29, the government said on Thursday in a document setting out its progress on transitioning existing agreements. Britain is seeking to roll over around 40 EU bilateral trade deals ahead of its exit from the bloc in 36 days. The government is yet to win parliament's backing for its Brexit deal with Brussels, and if Britain leaves without a deal those bilateral agreements will cease to apply, likely disrupting trade.

## **15. U.S., China Resume Talks on Thorniest Issues in Trade War**

Reuters.com, Feb. 22 - Top U.S. and Chinese trade negotiators met on Friday to wrap up a week of talks that have seen the two sides struggle to detail how to bridge deep differences on China's role in global commerce. If the two sides fail to reach a deal by midnight on March 1, then their seven-month trade war could escalate. U.S. President Donald Trump is scheduled to raise tariffs to 25 percent from 10 percent on \$200 billion of Chinese imports into the United States. Trump will meet with Chinese Vice Premier Liu He at the Oval Office later on Friday. The two also met at the end of talks during Liu's last visit to Washington in late January.

## **16. Thirty Years On, U.S.-China Politics and Tech Collide**

Reuters.com, Feb. 22 - "U.S. EASES CURBS ON EXPORTS TO CHINA" read a Reuters headline on March 1, 1989, when Washington lifted long-standing restrictions on technology shipments to China. On that day 30 years ago, U.S. commerce officials talked warmly of improving ties with China and of the need to help its economy — then about half the size of Italy's — to grow, despite the objections of military strategists at the Pentagon. Next Friday not only marks the 30th anniversary of the decision, but it is also the deadline set by President Donald Trump for a deal to end the seven-month trade war between the United States and China, now its biggest economic rival. A different kind of technology transfer is at the center of the trade tussle that is likely to play a big part in defining the path of the world economy in years to come.

## **17. China Uses DNA to Track Its People, With the Help of American Expertise**

New York Times.com, Feb. 21 - The authorities called it a free health check. Tahir Imin had his doubts. They drew blood from the 38-year-old Muslim, scanned his face, recorded his voice and took his fingerprints. They didn't bother to check his heart or kidneys, and they rebuffed his request to see the results. "They said, 'You don't have the right to ask about this,'" Mr. Imin said. "'If you want to ask more,' they said, 'you can go to the police.'" Mr. Imin was one of millions of people caught up in a vast Chinese campaign of surveillance and oppression. To give it teeth, the Chinese authorities are collecting DNA — and they got unlikely corporate and academic help from the United States to do it. . . . To bolster their DNA capabilities, scientists affiliated with China's police used equipment made by Thermo Fisher, a Massachusetts company. For comparison with Uighur DNA, they also relied on genetic material from people around the world that was provided by Kenneth Kidd, a prominent Yale University geneticist.

## **18. U.S.-Huawei Fight to Take Center Stage at Trade Show**

Wall Street Journal.com, Feb. 22 - A large delegation of U.S. officials is heading to Spain this weekend for the world's largest telecommunications trade show, planning to ratchet up a monthslong offensive against Huawei Technologies Co. that has produced mixed results. U.S. officials typically visit the show, Barcelona's Mobile World Congress, to meet foreign counterparts and industry executives and to check out the latest technology. This year, though, the mission is different. The Trump administration is running a full-court press, particularly in Europe, to narrow Huawei's lead in supplying the world's cellular-communications infrastructure. American diplomats have been pressing allied governments, as well as their countries' wireless and internet providers, to dump the Chinese company—

saying the world's largest provider of telecom gear could be forced by Beijing to spy on or disable their networks.

## **19. U.S. Campaign Against Huawei Runs Aground in an Exploding Tech Market**

Wall Street Journal.com, Feb. 21 - Washington has hit an unlikely roadblock in its extraordinary global push to sideline China's Huawei Technologies Co.: the world's biggest democracy, India. Policy makers and telecommunications firms here are so far largely unpersuaded by U.S. warnings that using Huawei's equipment to upgrade India's telecom networks presents a major cybersecurity threat, according to more than a dozen government officials and industry executives. Many argue that any such risk is outweighed by Huawei's cut-rate prices and technological prowess. "The perception here is that the U.S. action is more a matter of foreign policy," said Rajan Mathews, director of the Cellular Operators Association of India. The widespread skepticism is turning India into an unexpected battlefield in Washington's yearslong effort to head off the Chinese company's dominance of the coming generation of mobile technology known as 5G. While India's 5G development is still in its infancy, the heft of the Indian market means the direction the South Asian country takes could make or break U.S. efforts to thwart Chinese influence in other nations that have yet to choose a side, analysts say. For years, many officials assumed India would stay in the U.S. corner given its own longtime rivalry with China.

## **20. China Tightens Grip on East African Port**

Wall Street Journal.com, Feb. 21 - A Chinese port operator is tightening its grip on a strategic container terminal in East Africa, resetting operations and infrastructure at a site crucial to Beijing's push to control seagoing trade lanes between Asia and Europe. China Merchants Port Holdings is asserting control of operations at Djibouti's Doraleh Container Terminal, maritime officials say, while state-owned China Civil Engineering Construction Corp. and China State Construction Engineering Corp. have built a multipurpose cargo facility next door to handle cars, livestock, steel and other goods. Crew members of ships that recently docked at Djibouti said the new port resembles other Chinese-managed ports around the world. "At the multipurpose port it's the same cranes, the same silos for grain, fertilizers and other commodities, it's very Chinese," said Apolinario Bautista, executive officer of a dry-bulk ship that docked in Djibouti in late January.

## **21. Army Driving Forward with Electric Vehicle Plans**

National Defense Magazine.org, Feb. 21 - While government and industry have long been experimenting with electric and hybrid-electric vehicles, JP-8 conventional fuel — with its long logistical tail — is still king on the battlefield. But technological advancements in batteries and alternative fuels could shake up the status quo. Proponents of electric and hybrid-electric vehicles for the military say the technology can offer lower-cost power sources, greater performance and quieter, stealthier operations. The Army — which has led the vast majority of the Defense Department's work in electric vehicles — recently hosted an electrification forum that drew engineers, project managers, academia and industry together to discuss electric vehicles. The forum — which took place in Troy, Michigan, in November — was the second such event in 2018, said Dean Zeal McGrew, leader of the U.S. Army Tank Automotive Research, Development and Engineering Center's powertrain electrification team.

## **22. Autonomous Convoy Tech Moves Toward Official Program**

National Defense Magazine.org, Feb. 22 - After years of exploring the technology, the Army is gearing up to turn its autonomous truck convoy demonstrations into a formal program of record. The service has been pursuing the idea of having unmanned vehicles incorporated into its convoys for more than a decade, with the goal of reducing the number of casualties associated with ground resupply missions. However, encouragement by Army leadership is accelerating the timeline for a leader-follower capability, Bernard Theisen, autonomous ground resupply program manager at the Tank Automotive Research, Development and Engineering Center, said in an interview. Expedient leader-follower is a capability that allows for a convoy that contains one manned vehicle followed by unmanned vehicles. The initiative went to the Army Requirements Oversight Council, which decided to proceed with the capability in February 2018, he noted. After examining the technology at TARDEC, Army Secretary Mark Esper was so impressed that he asked to push the timeline forward, Theisen noted.

## **23. Army Adapts Aircraft EW to Protect Tanks: BAE RAVEN**

Breaking Defense.com, Feb. 21 - As the Army races to modernize against the Russian threat, it's adapting countermeasures used on aircraft to protect its armored vehicles from anti-tank missiles. Systems like BAE's RAVEN jammer, which won a recent Army "rodeo," could be a lot more effective than just bolting on another layer of armor on already overloaded vehicles — if the contractor can make what originally an airborne system rugged enough to function in the mud, dust and clutter of ground combat. We're talking high-tech hardware here. RAVEN is a "soft kill" jammer that tricks missiles into missing. It would part of a second wave of upgrades to Army vehicles, following the Israeli-made "hard kill" systems — which physically shoot missiles out of the air — that the service is already urgently fielding. The Army wants both types for maximum protection.

## **24. Army Cloud: Big Announcement in March**

Breaking Defense.com, Feb. 22 - In just three weeks, the Army will roll out a new policy for cloud computing, officials said this afternoon. The strategy will open up new options for outsourcing functions to contractors that the government currently does for itself. "The rollout comes next month," said Col. Jeth Rey, Army Cyber Command's director of operations, at an AFCEA luncheon here. "This is very new to us and we want to explore it." "Currently, how we operate is government-owned, government-operated equipment; we're exploring the possibility of contractor-owned, contractor operated, [but] government owns the sites," Rey continued. "That's the lesson learned from the Navy and the Air Force." "Next month, CIO/G6" — the Army's Chief Information Officer, Lt. Gen. Bruce Crawford — "will hold his annual conference [aka AFCEA's annual Army Signal Conference, March 12th-15th]. I recommend each and everyone one of you to come out," Rey told the audience, mostly contractors. "We will talk 'as a service' at that event."

## **25. DoD File-Sharing Tool Is SAFE Again**

FifthDcmain.com, Feb. 22 - The Department of Defense has reinstated a secure file-sharing service after a vulnerability forced the Army to take the system offline in November and kept it out of commission for four months. Army leaders disabled the Safe Access File Exchange, or SAFE site, as a preventative measure in November after outside agencies

identified potential security risks. The tool was created as an alternate to the traditional File Transfer Protocol or email, and operates much like the popular commercial file-sharing system Dropbox. The site provides a way to allow for the sharing of large data files, including those as large as 2 gigabytes, between defense organizations and industry representatives. Officials put the system back online Feb. 13.

## **26. Navy Wants Faster Ship Repairs; 70% of Destroyer Fleet Late**

Breaking Defense.com, Feb. 21 - If the Navy ever hopes to reach its goal of a 355-ship fleet, it won't be by simply building new hulls and launching them. Instead, the admirals have long recognized they'll have to extend the lives of dozens of ships already long in the tooth — and do so at a time when shipyard space is already stretched and less than half of its ships are able to complete scheduled maintenance on time. "We've really got to get better than what we're doing today," Vice Adm. Tom Moore, head of Naval Sea Systems Command, told the West 2019 conference last week. "We're digging out of a little bit of a maintenance backlog." Moore and other commanders at the annual event insisted that they were getting better at getting ships in and out of maintenance availabilities, but currently only about 30 percent of destroyers are able to leave the docks on time.

## **27. DoD Wants Help to Spot — & Kill — Mobile Missiles**

Breaking Defense.com, Feb. 22 - Three weeks from today, defense contractors will submit proposals for spotting hidden missile launchers — so the US military can destroy them before they ever fire. The winning entries could go on to flight demonstrators in just two years, a meteoric pace for the Pentagon. It's the first concrete step towards implementing the much-debated Missile Defense Review released last month, which called for an ambitious and expensive array of high-tech countermeasures, not just to usual suspects Iran and North Korea, but to the much larger arsenals of Russia and China. Outlined in a document blandly titled "Time-Sensitive Target Mission Payloads Demonstration" that was posted without fanfare on the federal government's main contracting website Feb. 15, the plan describes acquiring a variety of satellites and surveillance assets to find and track often hard-to-find mobile missile launchers that can be hit before they pop off their first missile. The solicitation released to the defense industry invites US nationals (no foreigners allowed) to an industry day briefing March 1st, with initial proposals due March 15 and flight demonstrations by 2021.

## **28. Heather Wilson's Commitment to Trump's Space Force Was Questioned. Now She Leads the Effort to Build It.**

Washington Post.com, Feb. 22 - Long before President Trump introduced his Space Force vision as an applause line at political rallies, the top administration official who would be selected to oversee its creation came out decisively against a similar plan. Air Force Secretary Heather Wilson said in a visit to Capitol Hill in June 2017 she opposed the creation of a "Space Corps," a service some lawmakers had proposed to oversee military operations in space. "The Pentagon is complicated enough. We're trying to simplify. This will make it more complex, add more boxes to the organization chart and cost more money," she said. "If I had more money, I would put it into lethality, not bureaucracy." Less than two years later, Wilson finds herself leading a similar effort directed this week by the president.

## **29. Branson's Virgin Galactic Takes Another Step Toward Space Tourism**

Reuters.com, Feb. 22 - A Virgin Galactic rocket plane on Friday soared to the edge of space with a test passenger for the first time, nudging British billionaire Richard Branson's company closer to its goal of suborbital flights for space tourists. Virgin Galactic's chief astronaut instructor Beth Moses, who will train future space tourists, joined pilots onboard SpaceShipTwo VSS Unity to evaluate the customer experience and cabin. "This is what we're here to do, we're here to fly people in the back of our spaceship, that's what it's all about," said pilot David Mackay, who is now the first Scottish-born astronaut. "So for me it was an important step toward that operation."

## **30. NASA, SpaceX OK 1st Test Flight of Crew Capsule Next Week**

New York Times.com & Associated Press, Feb. 22 - NASA and SpaceX on Friday approved a first test flight next week of the new commercial Dragon capsule designed for crew. No one will be aboard, only an instrumented dummy in a white SpaceX spacesuit. But the capsule will still fly to the International Space Station, following its planned March 2 liftoff from NASA's Kennedy Space Center. Officials gave the green light after conducting a safety review. NASA's head of human exploration and operations, William Gerstenmaier, called the upcoming test flight "an absolutely critical first step" to eventually putting astronauts on board. A phenomenal amount of work has gone into ensuring the capsule does not endanger the space station and its three occupants as it pulls up and docks, Gerstenmaier said. It will remain at the orbiting lab just under a week before aiming for a splashdown in the Atlantic off Florida. Radiation monitors and supplies are going up, and science samples and used equipment are coming down.

## **31. How Does Pakistan's Thunder Fare Against Contenders in Malaysia's Aircraft Competition?**

DefenseNews.com, Feb. 22 - Pakistan hopes to sell its JF-17 Thunder aircraft to Malaysia, now that the cash-strapped country is officially looking for such a fighter. Malaysia was eyeing larger fighters like the Rafale and Typhoon, but that plan was shelved due to budgetary woes, and the country instead turned to fulfill a light combat aircraft requirement. An LCA fleet would support Malaysia's F/A-18 and Su-30 fighters. The JF-17 is under consideration alongside the Tejas, produced by India's Hindustan Aeronautics Limited, and the FA-50 Golden Eagle, made by South Korea's Korea Aerospace Industries. Pakistan's offering is the most affordable of the three.

## **32. Despite Putin's Swagger, Russia Struggles to Modernize Its Navy**

Reuters.com, Feb. 21 - President Vladimir Putin calls improving the Russian navy's combat capabilities a priority. The unfinished husks of three guided-missile frigates that have languished for three years at a Baltic shipyard show that is easier said than done. Earmarked for Russia's Black Sea Fleet, the frigates fell victim to sanctions imposed by Ukraine in 2014 after Russia annexed the Crimean peninsula, prompting Kiev to ban the sale of the Ukrainian-made engines needed to propel them. With Moscow unable to quickly build replacement engines for the Admiral Grigorovich-class frigates, construction stopped. Russia is now cutting its losses and selling the three ships to India without engines. The navy's



problems stem largely, but not exclusively, from the Ukrainian sanctions. There are also problems, for different reasons, with new equipment for the army and air force.

### **33. British Fraud Office Abandons Rolls-Royce, GSK Investigations**

Reuters.com, Feb. 22 - The UK's Serious Fraud Office (SFO) has abandoned two of its largest and longest investigations, into alleged bribery at aero engine maker Rolls-Royce and drugs maker GlaxoSmithKline, in a move described by one lawyer as "extraordinary". The decision, which comes under SFO Director Lisa Osofsky who took the helm last August pledging to review the agency's caseload, weed out weaker cases and propel others forward, underlines the difficulties of prosecuting senior executives. "After an extensive and careful examination, I have concluded that there is either insufficient evidence to provide a realistic prospect of conviction or it is not in the public interest to bring a prosecution in these cases," Osofsky said.

### **34. Viewpoint: Rivals, Allies Trying to Harness U.S. Innovation**

National Defense Magazine.org, Feb. 22 - Have you ever considered why U.S. armed forces have enjoyed a technological battlefield advantage for so many years? Perhaps it's just good fortune, or maybe divine favoritism, or possibly an insatiable curiosity coded into our DNA. In reality, the advantage results from various entities — academic institutes, government agencies, industry and the user community — unknowingly and yet intentionally working together to realize the nation's drive toward innovation. In the United States, we are blessed with numerous technical universities, from the Massachusetts Institute of Technology and Georgia Institute of Technology on the East Coast to Stanford University and the California Institute of Technology in the West, with many other exceptional schools in between. These universities form the foundation of our tiered technology development process. Government laboratories and agencies bridge the academic-to-defense gap, constituting a second step in the development process.

### **35. Opinion: Congress Should Block Rule Changes for Firearm Exports**

TheHill.com, Feb. 20 - As the nation is reminded of the tragic consequences of gun violence with the one-year anniversary of the Parkland school shooting, the Trump administration is pushing forward with plans to expedite the export abroad of the same kind of military-style weapons used in many of the mass shootings that have taken place in recent years. These are not the commodities that the United States should make easier to export. Congress can and should stop the changes, which would put the Department of Commerce in charge of regulating these exports, removing them from the State Department-led U.S. Munitions List (USML).

### **Upcoming Export Control and Other Trade Compliance Conferences**

**Feb. 26-27 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) - Complying with U.S. Export Control - Miami - DoubleTree Hotel at Miami Airport and Convention Center**

**March 4-6 - Society for International Affairs - 2019 Winter Back to Basics Conference - Savannah, Georgia - Savannah Marriott Riverfront Hotel**

**March 5-6 - American Conference Institute - 11th Expert Forum on ITC Litigation & Enforcement - Washington, DC**

**March 5-6 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) - Complying with U.S. Export Controls - San Diego - The Four Points Sheraton San Diego Hotel**

**March 5-7 - Partnering for Compliance™ - March 2019 "Partnering for Compliance™" East Export/Import Control Training and Education Program - Orlando - Holiday Inn Orlando International Airport Hotel - *See also separate Customs/Import Boot Camp on March.***

**March 12-13 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The North Texas District Export Council - Complying with U.S. Export Control - Plano, Texas - Center for American and International Law, located at 5201 Democracy Drive**

**March 13-14 - C5 Group - 6th Forum on Anti-Corruption Italy - Milan - Meliá Milano**

**March 14 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The North Texas District Export Council - How to Build an Export Compliance Program - Plano, Texas - Center for American and International Law, located at 5201 Democracy Drive**

**March 24-27 - International Compliance Professionals Association (ICPA) - 2019 ICPA Annual Conference - Orlando, Florida - Disney Coronado Springs Resort**

**March 26-27 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) - Complying with U.S. Export Controls - Pittsburgh - Westin Convention Center Hotel**

**March 27-28 - American Conference Institute - 6th Summit on Anti-Corruption Mexico - Mexico City - JW Marriott Hotel Mexico City**

**April 2-3 - Society for International Affairs - 2019 Exemptions and Voluntary Disclosure/Voluntary Self-Disclosure Seminar - Long Beach, California - Renaissance Long Beach Hotel**

**April 3-4 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The World Trade Center Denver - Complying with U.S. Export Controls - Denver, Colorado - Grand Hyatt Denver Hotel**

**April 23-24 - Nielsonsmith - Sanctions, Anti-Corruption & Export Controls Compliance in the Middle East - Dubai, UAE**

**May 2-3 - American Conference Institute - 12th Annual Flagship Conference on Economic Sanctions - Washington, DC**

**May 6-7 - Society for International Affairs - 2019 Spring Conference - Atlanta, Georgia - Sheraton Atlanta Hotel**

**May 15-17 - International Compliance Professionals Association (ICPA) - 2019 EU Conference - London - Tower Hotel**

**May 16-17 - International Compliance Professionals Association (ICPA) - 2019 ICPA Canada Conference - Toronto, Canada- Hyatt Regency Toronto Hotel**

**May 22-23 - Nielsonsmith - US Trade Controls Compliance in Europe Conference 2019 - Munich - *Gary Stanley, Editor of Defense and Export-Import Update, will speak at this conference.***

**June 5-6 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Greater Seattle Partners - Complying with U.S. Export Controls - Seattle, Washington - Lynnwood Embassy Suites Hotel**

**June 11-12 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The Eastern Michigan Export Council - Complying with U.S. Export Controls - Detroit, Michigan - Weston Book Cadillac Hotel**

**June 13 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The East Michigan District Export Council - How to Build and Export Compliance Program - Detroit, Michigan - Weston Book Cadillac Hotel**

**June 13 - National Defense Industries Association/Women in Defense - 2019 Women in Defense Conference - Arlington, VA - Crystal Gateway Marriott Hotel**

**July 8-10 - Society for International Affairs - 2019 Summer Back to Basics Conference - Washington, DC - Gaylord National Resort and Convention Center**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 26-27 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) - Complying with U.S. Export Control - Miami - DoubleTree Hotel at Miami Airport and Convention Center**

**March 1 - UK Government/Export Control Joint Unit - Webinar: Open General Export Licenses and EU General Export Authorisations in a no deal Brexit - 11:00 AM - 12:00 PM GMT**

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**March 26-27 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) - Complying with U.S. Export Controls - Pittsburgh - Westin Convention Center Hotel**

**March 26-27 - American Conference Institute - 9th Advanced Industry Forum on Global Encryption, Cloud & Cyber Trade Controls - San Francisco - Marine's Memorial Club**

**March 27-28 - American Conference Institute - 6th Summit on Anti-Corruption Mexico - Mexico City - JW Marriott Hotel Mexico City**

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**April 3-4 - C5 Group - Anti-Corruption Switzerland - Zürich - Sheraton Zürich Hotel**

**April 23 - American Conference Institute - 2nd National Forum on FOCI - Washington, DC - Westin Washington City Center Hotel**

**April 24-25 - American Conference Institute - Fifth National Conference on CFIUS & Team Telecom - Washington, DC - Westin Washington City Center Hotel**

**April 23-24 - Nielsonsmith - Sanctions, Anti-Corruption & Export Controls Compliance in the Middle East - Dubai, UAE**

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**May 15-16 - American Conference Institute - Foreign Corrupt Practices Act (New York) - New York City - The Westin New York at Times Square**

**May 15-17 - International Compliance Professionals Association (ICPA) - 2019 EU Conference - London - Tower Hotel**

**May 16-17 - International Compliance Professionals Association (ICPA) - 2019 ICPA Canada Conference - Toronto, Canada- Hyatt Regency Toronto Hotel**

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**May 22-23 - American Conference Institute - Anti-Corruption Brazil - São Paulo - InterContinental São Paulo Hotel**

**May 29-30 - American Conference Institute - 2nd Annual Hong Kong Summit on Economic Sanctions Compliance and Enforcement - Hong Kong**

**June 5-6 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Greater Seattle Partners - Complying with U.S. Export Controls - Seattle, Washington - Lynnwood Embassy Suites Hotel**

**June 7 - Society for International Affairs - 2019 Spring Golf Outing - Upper Marlboro, Maryland - Lake Presidential Golf Course**

**June 11-12 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The Eastern Michigan Export Council - Complying with U.S. Export Controls - Detroit, Michigan - Weston Book Cadillac Hotel**

**June 11-12 - American Conference Institute - 12th China Forum on Anti-Corruption - Shanghai**

**June 13 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The East Michigan District Export Council - How to Build and Export Compliance Program - Detroit, Michigan - Weston Book Cadillac Hotel**

**June 13 - National Defense Industries Association/Women in Defense - 2019 Women in Defense Conference - Arlington, VA - Crystal Gateway Marriott Hotel**

**June 18-19 - C5 Group - 13th International Conference on Anti-Corruption London - London**

**June 26-27 - American Conference Institute - ITC Litigation & Enforcement - Washington, DC - Park Hyatt Washington Hotel**

**July 8-10 - Society for International Affairs - 2019 Summer Back to Basics Conference - Washington, DC - Gaylord National Resort and Convention Center**

**Sept. 24-25 - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Oct. 27 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 28-29 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption Singapore - Singapore**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 5-6 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [REDACTED]@glstrade.com.

Cordially yours,

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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 2/24/2019 1:40:11 AM  
**To:** Mira Ricardel [Mira.Ricardel@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (Feb. 23, 2019)

**Dear All,**  
**Good Day!**

**Gary Stanley's EC Tip of the Day: In the EAR's Commerce Control List, given "Reasons for Control" are not mutually exclusive, numbers are assigned in order of precedence. As an example, if an item is controlled for both National Security and Missile Technology reasons, the entry's third alphanumeric character will be a "0". If the item is controlled only for Missile Technology the third alphanumeric character will be "1". The numbers in either the second or third digit (e.g., 3A001) serve to differentiate between multilateral and unilateral entries. An entry with the number "9" as the second digit, identifies the entire entry as controlled for a unilateral concern (e.g., 2B991 for anti-terrorism reasons). If the number "9" appears as the third digit, the item is controlled for unilateral purposes based on a proliferation concern (e.g., 2A290 is controlled for unilateral purposes based on nuclear nonproliferation concerns). The last digit within each entry (e.g., 3A001) is used for the sequential numbering of ECCNs to differentiate between entries on the CCL.**

**Today's Items:**

- 1. DDTC Posts New Name Change Notice on KLX Inc.**
- 2. DDTC Corrects Date for Submitting Comments on Three Information Collection Relating to USML Categories I, II, and III**
- 3. OFAC Reaches \$506,250 Settlement with ZAG IP, LLC**
- 4. DoD Awards \$10 Million in Funding to Digital Manufacturing and Design Innovation Institute**
- 5. WTO News**
- 6. U.S. Customs and U.S. Census/AES Updates**
- 7. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**
- 8. GAO & CRS Reports, Testimony, and Correspondence of Interest**
- 9. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

**Other Headlines**

- 10. U.S. Threatens New Sanctions on Venezuela if Aid Convoys Blocked-Official**
- 11. Microsoft Workers Call for Canceling Military Contract for Technology That Could Turn Warfare Into a 'Video Game'**
- 12. Heckler & Koch Fined €3.7 Million Over Illegal Arms Sales to Mexico**
- 13. EU Debates How and When to Start Trade Talks With Trump**
- 14. UK Says It Will Not Transition EU-Japan Trade Deal Before March 29**
- 15. U.S., China Resume Talks on Thorniest Issues in Trade War**

- 16. Thirty Years On, U.S.-China Politics and Tech Collide**
- 17. China Uses DNA to Track Its People, With the Help of American Expertise**
- 18. U.S.-Huawei Fight to Take Center Stage at Trade Show**
- 19. U.S. Campaign Against Huawei Runs Aground in an Exploding Tech Market**
- 20. China Tightens Grip on East African Port**
- 21. Army Driving Forward with Electric Vehicle Plans**
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#### **Upcoming Export Control and Other Trade Compliance Conferences**

### **1. DDTC Posts New Name Change Notice on KLX Inc.**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following new name change notice:

- KLX Inc. to Boeing Distribution Services Inc. Name Change

### **2. DDTC Corrects Date for Submitting Comments on Three Information Collection Relating to USML Categories I, II, and III**

(84 Fed. Reg. 5802) - The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) published a Federal Register Notice at 84 Fed. Reg. 3528 (Feb. 12, 2019) notifying the public of the Emergency processing and approval of this collection by April 1, 2019. The Notice using Docket Number: DOS-2018-0063 contained an incorrect date when all comments must be received. This document corrects the date to March 14, 2019.

### **3. OFAC Reaches \$506,250 Settlement with ZAG IP, LLC**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has announced a \$506,250 settlement with ZAG IP, LLC (formerly known as ZAG International, LLC) ("ZAG"), a U.S. company with its business address in Newtown, Connecticut, for five apparent violations of § 560.206 of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR). Specifically, between on or about July 11, 2014 and on or about January 15, 2015, through five separate transactions, ZAG purchased a total of 263,563 metric tons of Iranian-origin clinker from a company located in the United Arab Emirates, with knowledge that the cement clinker was sourced from Iran, and then resold and transported it to a company in Tanzania. OFAC determined that ZAG voluntarily self-disclosed the apparent violations to OFAC, and that the apparent violations constitute a non-egregious case. For more information on this action, please visit the following web notice.

#### **4. DoD Awards \$10 Million in Funding to Digital Manufacturing and Design Innovation Institute**

The U.S. Department of Defense has awarded \$10 million in funding to the Digital Manufacturing and Design Innovation Institute (DMDII), with an option of \$20 million more over the upcoming five years to lead the digital future of manufacturing Feb. 21. This award is part of a new multi-year follow-on agreement with a ceiling of \$60 million of government funding. DoD will continue the strategic partnership with DMDII for the long term as part of the effort to reform DoD for greater performance and affordability in support of the National Defense Strategy. Founded in 2014, DMII has invested approximately \$94 million in more than 60 applied research projects nationwide. DMDII collaborates with the U.S Army's Rock Island Arsenal, the nation's largest government-owned weapons manufacturer. With the aim of getting equipment to U.S. Warfighters quickly, the arsenal and DMDII have used 3-D modeling to assess the arsenal's manufacturing processes.

#### **5. WTO News**

- DG AZEVÊDO: EU LEADERSHIP VITAL TO STRENGTHENING TRADING SYSTEM: Addressing a meeting of European Union trade ministers in Bucharest, Romania, on 21 February 2019, Director-General Roberto Azevêdo welcomed the EU's engagement in the conversations aimed at strengthening the WTO and called for their continued leadership to help address some of the key challenges in global trade, including current trade tensions and the impasse in the WTO's dispute settlement system.

#### **6. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - CSMS #19-000080 Title: Reminder – Upcoming Mandatory Transition to TFTEA Drawback
- U.S. Customs - CSMS #19-000081 Title: PENDING CORE Privilege Applications
- U.S. Customs - CSMS #19-000082 Title: Update: ACE EPA CATAIR - New TSCA Certification Requirements for Composite Wood Products
- U.S. Customs - CSMS #19-000083 Title: Updated Drawback Trade Issue Tracker Document



- U.S. Customs - CSMS #19-000084 Title: ACE PRODUCTION Scheduled Maintenance, Sat. Feb 23, 2019@ 2200 to 0400 ET Sun. Feb 24
- U.S. Customs - Customs Bulletin and Decisions - Vol. 53, February 20, 2019, No. 3  
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- U.S. Customs - Agenda and Presentations for Feb. 27, 2019, meeting of Customs Operations Advisory Committee

COAC Public Meeting Agenda	
<b>The Secure Trade Lanes Subcommittee</b> <ul style="list-style-type: none"> <li>• Secure Trade Lanes Subcommittee Trade Executive Summary</li> <li>• Inbond <b>DRAFT</b> Recommendations</li> <li>• Inbond Background</li> <li>• Pipeline <b>DRAFT</b> Recommendations</li> <li>• Trusted Trader (Forced Labor) <b>DRAFT</b> Recommendations</li> <li>• Inbond Issue Paper</li> <li>• Pipeline Issue Paper</li> <li>• Trusted Trader Issue Paper</li> <li>• Trusted Trader <b>DRAFT</b> Trade Compliance Forced Labor Strategy</li> </ul>	<b>The Next Generation Facilitation Subcommittee</b> <ul style="list-style-type: none"> <li>• Next Generation Facilitation Subcommittee Trade Executive Summary</li> <li>• Regulatory Reform <b>DRAFT</b> Recommendations</li> <li>• Regulatory Reform Background</li> <li>• E-Commerce Recommendation and Supply Chain Map</li> <li>• Regulatory Reform Issue Paper</li> <li>• E-Commerce Issue Paper</li> <li>• Emerging Technologies Issue Paper</li> </ul>
<b>The Intelligent Enforcement Subcommittee</b> <ul style="list-style-type: none"> <li>• Intelligent Enforcement Subcommittee Trade Executive Summary</li> <li>• Intellectual Property Rights <b>DRAFT</b> Recommendations</li> <li>• AD/CVD Issue Paper</li> <li>• Intellectual Property Rights Issue Paper</li> <li>• Risk-Based Bonding Issue Paper</li> </ul>	

- **U.S. Census - Tips on How to Resolve AES Fatal Errors**

<b>Fatal Error Response Code: 138</b>	<b>Narrative:</b> Port of Unlading Missing
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